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International Affairs: Chairman Hints New CTBT Draft in Pipeline

OW2205031496 Tokyo KYODO in English 0012 GMT 22 May 96

[By Hiro Aida]

[FBIS Transcribed Text] Geneva, May 22 KYODO — The head of the nuclear test ban talks committee indicated Tuesday [21 May] he will submit a "chairman's text" for a draft treaty soon so that the final phase of the negotiations can be concluded by the end of June.

Jaap Ramaker, chairman of the Nuclear Test Ban Committee of the Geneva-based Conference on Disarmament, told KYODO NEWS, "I, very soon, hope to be able to share with the delegates my ideas to start endphase negotiations."

He said, however, "it is too early to say exactly what form it will take. I have to see what the best way is.

But delegates to the talks speculate that Ramaker will soon submit a so-called "chairman's text" of the Comprehensive Test Ban Treaty (CTBT), which is expected to be a basis for the final treaty text.

Ramaker, the Netherlands ambassador for disarmament, said, "I am making my own inventory of where I stand with the delegations after they got new instructions," from their various capitals.

"I am still in the process of making that inventory to draw my conclusions how best to proceed, very soon."

He carefully avoided saying the conclusions would take the form of a text, because hinting at a "chairman's text" might draw criticism from some delegates fearful their demands would not be included in such a text.

"A number of issues are still to be discussed, including the scope of the treaty, (and) the preamble which will define the relations between this treaty and our efforts to aim at nuclear disarmament."

China is still demanding that so-called "peaceful nuclear explosions" be excluded from the ban and India wants to have in the preamble of the treaty a specific time frame to eliminate all nuclear weapons.

These demands, which most of the delegates oppose, are said to be blocking the progress of the negotiation.

Ramaker said, however, that the delegates have come back from their capitals to the test ban talks, which resumed last week after a recess of a month and a half recess, "with full awareness that there has to be 'give and take.'"

"Of course the endgame is a very delicate phase in the negotiation. The delegates will not reveal their ultimate positions."

"But it is my impression that capitals, especially the key countries, have made up their mind. I do see signs of flexibility here and there."

As for the conclusion of the treaty by the end of June, the chairman said, "I am relatively optimistic."

International Affairs: APEC Set To Thrash Out Admission Rules

BK2305074896 Manila BUSINESS WORLD in English 23 May 96

[Report by Paul N. Villegas — received via Internet]

[FBIS Transcribed Text] Mactan, Cebu (via PLDT — Philippine Long Distance Telephone Co.] — Senior officials from the 18 member economies of the Asia Pacific Economic Cooperation (APEC) forum will thresh out this week the modalities that would govern the admission of country-applicants to the grouping and come up with a mechanism that would increase the involvement of the business sector in the APEC process.

Foreign Affairs Undersecretary Federico Macaranas, the country's point man in APEC and chairman of the second senior officials meeting (SOM) here, yesterday urged his colleagues to maintain APEC's "credibility" by resolving the outstanding issues which surround the moratorium on membership and ensuring that the business sector is involved in APEC's activities.

"Indeed, 1996 is a crucial year for APEC," Mr. Macaranas told the delegates at the start of the second SOM at the Shangri-La Hotel here.

"The moratorium for new members must be brought to the decision table of ministers. For the business sector, the jury is still out as to whether APEC will evolve from being a pipe dream of bureaucrats and politicians to becoming the final piece that would complete the picture of a community of economies," he said.

APEC officials will decide this year if the moratorium on membership will be lifted as nine countries have already expressed their desire to join APEC.

Mr. Macaranas wants the senior officials to come up with a mechanism which could be used in accepting new members to the nascent economic grouping.

"Since the moratorium ends in 1996, current members must decide how to resolve the merits of admitting new ones based on given criteria vis-a-vis the consolidation argued by some as a thing we need as we implement the Osaka Action Agenda," Mr. Macaranas said.

Russia, Mongolia, India, and Vietnam are among those which are seeking membership in APEC. Although Vietnam is the most likely applicant which could join APEC this year, the Hanoi Government is still cautiously assessing the implications of its involvement in the grouping before it formally applies for full membership.

Should the senior officials fail to decide on whether or not to lift the moratorium this year, APEC will have to come up with a framework that would allow non-members to participate in APEC's working groups.

"If no consensus on admission prevails, we must think of opening up non-member participation in working groups more liberally lest we be seen as closed to others who may benefit us collectively in the economic-technical activities for cooperation," Mr. Macaranas said.

"(But) if the extension of the moratorium is accepted, we must give a time frame within which we can review concerns related to admission," he added.

Deputy SOM chairman Antonio Basilio told reporters here that Russia, India, Mongolia and Peru have formally notified the APEC officials of their desire to participate in the grouping's working groups.

During the first SOM in Manila last February, Peru was admitted in APEC's fisheries working group.

Mr. Basilio said he expects the senior officials to decide on the fate of the aforementioned applicants before the second SOM concludes its meeting this Saturday.

Regarding the business community's increased participation in APEC's affairs, the grouping's bureaucrats will have to present "credible" voluntary initiatives and collective actions so that trade and investments can be liberalized and facilitated over the next 25 years.

One such initiative is the submission of the so-called individual action plans (IAPs) by the member economies.

The IAPs include the list of goods and services (with their accompanying tariff reduction schemes and timeframes) which member economies are willing to commit in order to realize APEC's goal of establishing a freer trading environment.

Surprisingly, all the member-economies submitted their initial IAPs yesterday, although these are still subject to further revisions.

The IAPs will be consolidated so that the grouping can come up with the Manila Action Plan for APEC (MAPA) this November, outlining the specific details on how trade and investment liberalization can be achieved by 2010 for the industrialized economies and 2020 for the developing ones.

Mr. Macaranas described the submission of the initial IAPs as a "dynamic and progressive" process, whose quality would be the basis on which the business community will judge APEC's firm resolve in implementing its ambitious economic agenda.

"We only have a short opportunity to do this. If we do not make a good impression, we will quickly lose their confidence in us and their support for APEC's future agenda," Mr. Macaranas said.

"The rest of the world is watching too, and is waiting for proof that the APEC proposition of open regionalism is a reality and not a myth," he added.

As chair of APEC this year, the Philippines would like its leadership to be felt by increasing the business community's participation in the APEC process.

The Ramos government has tapped former Foreign Affairs Secretary Roberto Romulo to convene the APEC Business Forum this November to symbolize the government's resolve of transforming APEC from a mere talk show to an action and results-oriented organization.

The business forum will be attended by representatives of the APEC Business Advisory Council and chief executive officers of the member economies. They will also hold a dialogue with APEC's leaders.

APEC is one of the world's most dynamic organization. Its members are Australia, Brunei Darussalam, Canada, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand, and the United States.

International Affairs: Philippines To Propose APEC Tariff Model

BK2405030896 Manila BUSINESS WORLD in English 24 May 96

[Report by Paul N. Villegas — received via Internet]

[FBIS Transcribed Text] Mactan Island, Cebu — The Philippine Government wants its individual action plan (IAP), or its proposed tariff reduction scheme, to be the model which member economies of the Asia Pacific Economic Cooperation (APEC) forum can follow.

Antonio Basilio, deputy chairman of the second APEC Senior Officials Meeting (SOM), said the government will try to make sure its proposed trade and investment liberalization plan will force the other economies to submit a more liberalized agenda.

"We've taken the leadership position on this issue. And we're fairly confident that we have a good IAP," Mr. Basilio told BUSINESS WORLD.

He admitted, however, that he is not sure if the country's IAP is more liberalized than those of the other APEC economies, which would make those of Hong Kong and Singapore — whose trade and investment liberalization schemes are considered to be the most liberalized in APEC — pale in comparison.

The 18 member economies of APEC have submitted their preliminary IAPs the other day to the Philippine Government, this year's APEC chair.

These proposals, however, would still be revised and fine-tuned by the respective economies. The final IAPs would be submitted in October during the fourth SOM in Manila.

The preliminary IAPs are "downpayments" which each APEC member will submit during the SOMs this year. It includes the list of goods and services (along with their accompanying tariff reduction schemes and time frames) which member economies are willing to commit in order to realize APEC's vision of establishing a free trade and investment environment over the next 25 years.

Mr. Basilio said the concerned sectors, including the Legislative and Executive Development Advisory Council and the Tariff Commission, have already been consulted.

He said the country's commitment under the ASEAN Free Trade Area and the World Trade Organization have been taken into consideration when Philippine officials designed the country's IAP.

In yesterday's press briefing, Mr. Basilio said some of the preliminary IAPs that were submitted only dealt on the general direction of how some members will pursue trade and investment liberalization under APEC's economic agenda.

The IAPs will be the basis of the Manila Action Plan for APEC (MAPA), which will outline all the specific details on how the grouping can achieve trade and investment liberalization by 2010 for the industrialized economies, and 2020 for the developing ones.

But while the government may be just as enthusiastic as the other APEC members in submitting their IAPs, the private sector is not.

Guillermo Luz, executive director of the Makati Business Club [MBC], told BUSINESS WORLD that the government must consult the business sector more extensively before it commits certain products or services for tariff reductions.

"From time to time, the government consults us. But we see the need to improve the consultation process further. The process is not always as extensive as we would want it to be," he said.

"I think those sectors which would be affected by tariff reductions must be consulted. There has to be a system. If there are complaints from the private sector, it would have to do more with the fact that there have never been consultations taking place."

"The business sector didn't have a chance to say anything. And that's not just within the APEC process but in the whole process of deciding certain economic policies," he added.

Mr. Luz said the government and the private sector must create a mechanism by which the inputs of the latter will be taken into consideration.

Mr. Luz was here in Cebu to present before the delegates the proposed APEC Business Forum which Manila will be hosting in November. The MBC is the lead agency in this proposed business conference.

"We need to be involved in an institutional way to really get to know APEC better," Mr. Luz said, adding that the APEC Foundation, which was recently established by Philippine business to involve the private sector in the APEC process, is a step in this direction.

"The level of familiarity of the business sector with APEC on detailed and substantive issues is quite low, like in trade and investment facilitation. They only have a fairly general idea of what APEC is all about," he said.

"I hope that after every APEC meeting, there will be some way by which the government can communicate the outcome to the public so that the people will know what has transpired.

"APEC is such a big program and understanding all of its aspects is very difficult. We're still having a hard time learning these," he added.

Inter-Asian Affairs: Manila Supports Malaysia on AICO Scheme

BK2005032396 Manila BUSINESS WORLD in English 20 May 96

[Report by Ma. Clarissa S. Batino — received via Internet]

[FBIS Transcribed Text] The Philippines will be seconding Malaysia's stand on certain provisions of the ASEAN (Association of Southeast Asian Nations) Industrial Cooperation (AICO) scheme after realizing possible repercussions to domestic industries.

A copy of AICO official notes, obtained by BUSINESS WORLD, indicates that the Board of Investments (BoI) wants to "level the playing field" a position earlier forwarded by the local business sector.

In Article 6.3 of the AICO framework, it was specified that the approval of the AICO arrangement "shall not be limited to initial applicants."

Subsequent registrations of the same product "shall also be approved once the companies meet the eligibility criteria."

BoI though was firm in its notes on the implementing rules and regulations that "this does not mean the intermediate products and raw materials already approved would automatically be approved for another AICO arrangement which uses those intermediate products and raw materials to produce a different AICO final product."

This should calm the private sector which earlier expressed reservations on the country's interpretation of the AICO scheme.

It advised BoI earlier to align its reading of the program with Malaysia similar to what Indonesia and Thailand are doing.

AICO was signed by the seven ASEAN economic ministers last April. This scheme effectively serves as accelerated CEPT (Common Effective Preferential Tariff) which will grant 0-\5% duties in purchase of raw materials only to AICO-registered companies once the rules and regulations are in place.

The scheme is a company-to-company arrangement covering all products except those included in the general exception list of the CEPT such as those regulated for reasons of national security, safety and health.

CEPT is scheduled to lower tariff walls to the same degree only by 2003.

The "automaticity" gleaned in Article 6.3 could pain domestic suppliers in the event many companies already obtain the AICO stamp of approval from BoI.

"If there is an AICO arrangement already approved while there are companies wanting to do the same thing, the privileges of an AICO-registered company should not automatically redound to the others not registered," said Oscar Barrera of the ASEAN Chamber of Commerce and Industry.

If a local company has tied up with a Thai firm to make notebooks, this indicates the local company needs to import paper which is the raw material for the notebook. Then that paper could be allowed entry at low duties only for that specific AICO-registered company.

But then, once many companies get BoI okay on AICO, then the lower import tariff, in effect, has become sectoral which could hurt local manufacturers of the same raw material particularly if there is ample local supply.

The private sector insisted the rules and regulations should contain a provision "that whenever domestic suppliers of AICO products are adversely affected, the normal duty for the AICO raw materials or intermediate products used in the manufacture of the final product shall have been paid."

Trade officials said they are going to keep the lines open for private sector inputs into the existing rules.

A consultation with the automotive industry will be held soon to appraise it of nuances under the AICO which were not present in the brand-to-brand complementation, sources said.

Japan

Japan: Iwakuni Reacts to Base Relocation Plan

OW2305125496 Tokyo TOKYO SHIMBUN in Japanese 13 May 96 Morning Edition pp 8, 13

[Article by TOKYO SHIMBUN reporter Noboru Tokiwa: "Iwakuni Shaken by the Relocation of an Aircraft Refueling Unit From Okinawa"]

[FBIS Translated Text] Japan and the United States have agreed to relocate a U.S. aircraft refueling unit from Futenma Air Station to Iwakuni Air Base in Iwakuni City, Yamaguchi Prefecture, as part of a plan for returning Futenma Air Station to Okinawa's control. Even though a precondition to it is that AV-8B Harrier attack planes now at Iwakuni will be removed to the United States, the people of Iwakuni are becoming increasingly suspicious that the relocation of the unit will lead to a strengthening of base functions in the area as they are aware that a mammoth project is also underway to move the base's airstrip closer to the sea. Questions are also being asked on the "redefining" of the security treaty. To hear voices of the people at the site, we have made a reportorial tour of the areas around Iwakuni Air Base.

An FA-18 Hornet fighter-attack airplane roared off the long airstrip on the base. The plane soared above in an instant and then made a quick turn toward the seaside. The duralumin-coated plane swept close over the industrial plant buildings at the end of the airstrip — disappearing into the sky over the Seto Strait and leaving a deafening sound behind.

In an interview, an airplane fanatic who was there to take pictures of airplanes with his camera told me smiling: "At other air bases, you cannot see an airplane so close, right over you as you can here. Right now some units of the base have left on assignments in Korea or somewhere else, so you see fewer airplanes landing and taking off here. I would say things are quiet here now."

Iwakuni Air Base now occupies about half of a delta on the estuary where the Nishiki River flows through Iwakuni City, dividing into the Imazu River and the Monzen River, and then reaching the Seto Strait. Across the Imazu River from the base is a seaside industrial area where companies like Teijin Inc. and Nippon Paper Manufacturing Company have their plants. Right before the airstrip is a stretch of swamp land where wild birds chirp and white herons pick up their prey. It is a typical peaceful scene on the Sedo Strait.

But then came the booming sounds of explosions. The wild birds jumped up. An operation to dispose of explosives started at Himekojima Island lying about 3.5 km away from the base. Tokio Ichifuji, chairman of a local assembly, who lives in the residential area across the base, said:

"It is not too bad today. Sometimes they conduct landing and take-off training there, pretending the airstrip is an aircraft carrier. They conduct their training for many hours, and while it is in progress, you can not watch television or talk on phone. They really swamp us."

The aircraft there make more than 60,000 landings and take-offs a year. But the residents around the base, though so tormented by noises therefrom, have not filed a legal complaint on the noise problem as the residents of areas around Kadena and Yokoda air bases have done. Their anti-base campaigns have been low-key.

Ichifuji said: "Of course, it would be better off if there were no military bases at all, but we do not have any people who are brave enough to say that into their face. We are enduring and keeping on enduring." The tone of his statement was that of almost having given up hope on an improvement in the situation.

Harrier Unit Has Left for the U.S.

Of a total of 20 AV-8B Harrier attack planes now on the base, 14 are supposed to be relocated to the U.S. But I learned there that these 14 planes had actually left Iwakuni — some on 9 May and others on 11 May. The airplane fanatic said, "I am sure they left in formation with a KC-10 refueling aircraft."

But there has been no official announcement on this from the U.S. armed forces. An official of Iwakuni City's Base Issue Division seemed perplexed, saying: "The mayor asked the Defense Facilities Administration Agency (DFAA) about it, and no confirmation of it has been received. We are still at the stage of receiving an interim report, and formal negotiations have not even started yet. If that report is correct, we do not know what to do."

In the area before the main gate of the base there still are several stores selling U.S. military salvage materials, but there is no longer the amusement area which prospered on the money spent by U.S. soldiers during the Korean and Vietnam wars. There was not one murder case and hardly any heinous crimes committed in the area last year, even though many people asserted: "There are petty crimes, but the people simply accept them and have learned to live with them."

Regarding the decision to relocate the aircraft refueling unit from Okinawa, reactions of the Iwakuni citizens vary. A man said: "I am angry that the Japanese and U.S. Governments decided on it without consulting with the local government. Since it means Iwakuni assuming all the dangers, they should have consulted with us. But, after all, we are citizens of Japan as well. We do not think we should boycott the relocation of the unit for the sake of boycotting."

One housewife was more stern: "There was once an incident of a woman getting murdered. No doubt, one cannot have good feeling about the military base. I do not like it." But a company employee said: "They say this is a military base. But it does not feel like a military base at all. If incidents like the one in Okinawa break out, things might change. But now I do not feel any inconveniences, so I am not concerned about it."

Since Iwakuni Base is on a delta in the middle of a river, many people appear to be not so conscious of the presence of the base as the remark of the last man indicated.

Conservative City Assemblymen Request "Rejection"

People supporting the Japan-U.S. security alliance and the military base's presence in Japan hold a majority in the Iwakuni City Assembly. But the assembly debating on the base issue on 26 March unanimously decided it should "object to the relocation of the unit from Futenma."

Late in April, a group of eight assemblymen, led by conservatives, activated an "association of assemblymen determined to define the future of the military base and Iwakuni." City Assemblyman Tadao Nawata (of the Liberal Democratic Party), who heads the group, said "Iwakuni has always followed the central government's policy, but this time it will not do that," but added, "If there had not been the military base issue in Okinawa, there would have not been any problem in relocating the aircraft refueling unit and it would have been treated simply as a unit transfer." What he said suggested the base problems in Okinawa since last year have had an impact on the Iwakuni people's thinking on the military base issue.

Right after the Japan-U.S. agreement was announced, Iwakuni Mayor Yoshimitsu Kifune apparently was angry as he said, "The trust relationship has been damaged; I object to all relocations." But after Prime Minister Hashimoto expressed his apology on 30 April, the mayor toned down his stand, saying: "I am opposed to the relocation if it means strengthening of the base functions."

Masayoshi Matsunaga, head of the city military base issues office, gave his own interpretation to the mayor's remarks, saying: "This does not mean the mayor has changed his position. It is just that when a prime minister makes an apology, a mayor cannot act as if he did not hear the apology." On 10 May, the city government held its first meeting of the "council to discuss the unit relocation issue."

What effect will the refueling planes' relocation to Iwakuni have on that base? Matsunaga could not hide his irritation toward the government, saying: "We have not received a formal request on the unit relocation from the government yet. We would like to know how much additional noise the planes will create and how often they land and take off. Since there is no information on this data, there is no way of making a forecast in comparison."

The group of local people who are against keeping the military base in the area suspect the relocation of the refueling aircraft has a close link to Iwakuni Base's strengthened functions that they think will come with the completion of the ongoing project to remove the base's airstrip closer toward the sea.

The project for moving the airstrip closer toward the sea started in 1968 with the agreement of the government and the private sector in efforts to minimize the pollution from aircraft noise as well as to prevent a major disaster that could arise from an airplane crash into the adjacent industrial area.

While the project itself has been in progress for the 28 years since then, the main part of the project to fill in the east side of the base, investing a total of 160 billion yen, will begin this fall. Therein lies the difficulty for the city in rejecting the central government's request for the city's cooperation in actions related to the plan to return Futenma Air Station to Okinawa.

"Expansion of the Base Means Taking in Additional Functions

If the new airstrip is built, the total area of the base will grow by 40 percent (about 780 hectares). Jungen Tamura, representative of the Iwakuni City Employment and Peace Institute (and city assembly member from the Liberal Iwakuni group) complained, "The expansion of the base has turned into the cause for it to receive Futenma functions." Then he added:

"Once the gigantic rock walls of 360 meters in length and 13 meters in depth are completed, the attack-landing ship Belleau Wood now at Sasebo can dock there, and so can the carrier Independence. Many new facilities will come to be built on the base, and the site of the existing airstrip, which will be cleared after the completion of the new airstrip, will never be returned to Iwakuni. The U.S. Marine Corps will be able to operate more effectively, but this only means Iwakuni will be a military town permanently in the future."

Meanwhile, however, the local Chamber of Commerce and Industry [CCI] and the "Union To Promote the Moving of Iwakuni Base's Airstrip Closer to the Sea," of which the chairman of the local communities' association is a member, have decided they should not take part in campaigns to protest the relocation of the refueling aircraft.

Masashi Shirai, chairman of the union (and adviser to the local CCI), was more hopeful about the effect of the relocation, saying: "The relocating of the refueling aircraft from Futenma and the moving of the airstrip in the Iwakuni Base are totally separate issues, and they will not become a cause for strengthening of the functions of the base. Meanwhile, if the airstrip construction project gets underway, it can bring 350-million-yen's worth of economic effect to the city. It will create a depot for distribution containers. Houses can be built on the sites from which hills were removed. The project will contribute to expanding employment. This is indeed the only way to revitalize the economy of Iwakuni."

Another city assemblyman said: "We may have to accept it in the end, but the current plan to complete the new airstrip within the next 10 years should be pushed up toward completion before the relocation of the refueling aircraft. If one of the refueling aircraft crashes into the industrial area, it could lead to an unimaginably tragic disaster. Since the government is forcing Iwakuni to accept more of the burdens, the government should be able to implement that at least." Thus he suggested a way of settling the matter.

Indeed, Iwakuni now stands at a major crossroads of deciding whether to live with the base or not.

Japan: Government Comments on USTR Report

OW2305144896 (Internet) Japanese Ministry of Foreign Affairs WWW in English 17 May 96

[Document released by the Foreign Ministry on 17 May on the Japanese Government's comments on the 1996 National Trade Estimate (NTE) Report announced by the U.S. Trade Representative on 1 April; from the "What's New" link]

[FBIS Transcribed Text] The Government of Japan's Comments on the 1996 National Trade Estimate (NTE) Report (50 issues in 8 sectors) 14 May 1996

The United States Trade Representative, based upon the U.S. Trade Act of 1974, announced the 1996 National Trade Estimate Report on Foreign Trade Barriers ("the NTE") on April 1. The Government of Japan presents its initial comments concerning the NTE as shown below.

Overview

The NTE indicates that the share foreign-made products occupy in Japan's market is low, and at times tends to remain low. The NTE uses this to argue that there are barriers hindering access to Japan's markets.

However, in actual fact, market share is determined by a wide variety of factors, particularly demand structures and the efforts suppliers take to market their products. The NTE takes an inappropriate approach that is result-oriented, impulsively assuming that the size and growth rate of a market share determines whether there are barriers to that market and the extent to which that market grows.

A Look at Different Sectors 1. Import Policies 2. Standards, Testing, Labeling and Certification 3. Government Procurement 4. Protection of Intellectual Property Rights 5. Services Barriers 6. Investment Barriers 7. Anti-Competitive Practices 8. Other Barriers 9. Other Comments

Import Policies

(1) Tariffs

Before the Uruguay Round agreement, Japan made substantial cut in tariffs on corn grits intended for use in the manufacture of corn flakes in accordance with the result of the Japan-United States Trade Talks on Starches and other Agricultural Products. In addition, as a result of the Uruguay Round, Japan is in the process of gradually reducing its tariffs on corn grits used for other purposes, such as breakfast cereals; this process will be completed by the year 2000.

(2) General Food Products

Reference is made to Japan agreeing to convert all import bans and quotas to tariffs (with a delayed conversion for rice). Here it should be noted that the treatment of special measures for rice after the year 2000 will be discussed during negotiations to be held in the year 2000. Thus, any forecast of rice tariffication is not based on fact. Reference is also made to safeguard measures for beef and pork. There is a risk that these measures could be interpreted as WTO Agreement safeguard measures, or as Agreement on Agriculture special safeguards. However, a more precise understanding would be that they are emergency measures restoring tariff rates, which had been lowered by Japan voluntarily, to a level that Japan agreed upon as a result of the Uruguay Round, when Japanese import of such products concerned increased radically.

(3) Wood Products

Japan has been faithfully implementing the Wood Products Measures. Furthermore, although the value of imports of wood products from the United States to Japan was approximately U.S.$3.6 billion in 1989 prior to the Japan-U.S. Trade Talks on Wood Products, it has increased approximately 15% to U.S.$4.2 billion in 1995. (In the same period, U.S. exports of wood products to the rest of the world increased from U.S.$11.1 billion to U.S.$15.7 billion.) Japan is also reliant on overseas markets to supply 80% of its lumber. Thus, the Japanese market is quite sufficiently open, and it is our basic understanding that there are no special problems with regard to trade in wood products. Therefore, the watch-listing of Japan's wood product industry under Super 301 in September of last year lacks justification, and the Government of Japan is having extreme difficulty in understanding why it was continued. Japan strongly requests the removal of wood products from the watch-list. Regarding the various issues related to wood products trade, there have been constructive discussions in various fora, such as the Japan-U.S. Wood Products Subcommittee, the JAS [expansion unknown] Technical Committee, and the Building Experts Committee. The United States also agrees that these discussions have been fruitful. It is important to continue discussions at the official level. On the issue of lumber export restrictions by the United States, the restrictions on lumber culled from federal- and state-owned forests are in place ostensibly to protect the environment. However, there are no restrictions on the domestic supply of lumber. Hence, discriminatory measures which regulate lumber exports while not regulating the lumber supplied to domestic markets should be abolished.

(4) Fresh Agricultural Products

Each country is permitted to implement plant quarantine operations which are conducted based on scientific and technical standards to avoid invasion of pest and disease from other countries. Such implementation is also in accordance with the International Plant Protection Convention. Therefore, these quarantine regulations are not unfair restrictions. Whether or not a particular imported item is cleared (from a plant quarantine perspective) is a determination which should be left to specialists basing their decisions on scientific evidence. Regarding operations of plant quarantine, the United States also has measures which prohibit the importing of many fresh agricultural products. This is especially true for the importing of Japanese Unshu oranges, the import of which has been prohibited in Florida and four other states. Since the reason for the original import prohibition has disappeared, the United States has requested Japan to set new quarantine measures to be put in place. This sort of reaction is regrettable, and import prohibitions should be removed at the earliest date. Japan has placed prohibitions on importation of various fruit varieties, due to pest-killing processes that may work with one fruit variety, but are not necessarily proven effective on others. In coordination with the United States, Japanese inspectors have been sent to the U.S. in sufficient numbers to confirm the disinfection of agricultural products at sites of origin. Regarding quarantine measures on pests and diseases existing in Japan, a revised version of the Plant Quarantine Law, which defines variety of pests and diseases to be subject to the quarantine, has been submitted to the most recent Session of the Diet.

(5) Feedgrains

Since 1992, as a result of Japan-U.S. negotiations, corn used to produce starch for "new uses" has been regulated under a tariff quota, instead of under an import quota. Furthermore, the "new uses" framework for 1995 has been established based on the results of Japan-U.S. negotiations. (The actual allotment for the "new uses" framework was set at 90% of what it had been for the previous agreement. This was done because Japanese importers' requested amount, which was equal to the actual allotment, was less than the level negotiated by Japan and the U.S.) Most of Japan's domestic demand for feed corn has been met by importing corn from the U.S. and other countries. Measures were instituted, not to raise feed corn prices, as alleged by the NTE, but only as a minimum necessary requirement to prevent the diversion of feed corn products into starch production. As for mixed feed, blending requirements were relaxed from April 1996, as a part of deregulation measures. It was also pointed out that the complexity of procedures related to tariff-rate quotas (TRQ) was hindering the spread of TRQ. Since this system was only recently established, there have been numerous livestock farmers interested in it; however, the low number of actual users indicates a much more cautious response by farmers.

(6) Distilled Spirits

Japan's taxation on distilled liquor does not have the aim of affording protection to domestic production of shochu. The aim of tax distinction among categories of distilled liquors is to make the taxation more neutral and equitable by setting specific tax rates with reference to the average net-of-tax price of each category. The taxation does not have the effect of affording protection to domestic production of shochu, either. First, the level of tax burden (tax/price ratio) on domestic shochu is roughly equal to that on imported distilled liquors of other categories such as whisky. Second, directly competitive or substitutable relationship does not exist between domestic shochu and imported distilled liquors of other categories. Third, shochu is produced outside Japan in large quantities and distilled liquors of other categories are produced in Japan in large quantities. Japan's taxation on distilled liquor has neither the aim nor effect of affording protection to domestic production and thus is consistent with relevant provisions of GATT 1994.

(7) Racehorses

It has been suggested that the Japan Racing Association (JRA) is authorized by the Government to restrict the participation of foreign-bred horses in Japanese races. However, horse racing in Japan is conducted as a national pastime (entertainment) by the JRA and other horse racing sponsors. Therefore, programming and other operations are decided on by sponsors themselves. In other words, the Government cannot regulate program contents by guiding their formation or approving them. The Government has urged the JRA to steadily carry out the Plan for Opening Races to Foreign Horses by FY99, and to conduct prompt discussions on registration of horses owned by foreign residents. At the present time, the JRA is steadily carrying out the aforementioned Plan, and has established an investigative committee on the horse-owners registry which is researching the current state of affairs overseas.

(8) Import Clearance Procedures

(a) The United States is claiming that importers who have taken steps for pre-arrival processing have not gained any benefits in faster processing or clearance. However, according to a study conducted between 1991 and 1993, importers who take the pre-arrival processing method manage to clear their cargo extremely quickly, requiring less than half the time for import clearance procedures and between arrival of cargo and clearance. Therefore, the indication that there are no benefits for importers who submit their data early is contrary to the facts. Furthermore, for air cargo which has had its arrival confirmed and has been processed as requiring no physical examination after the submission of data, the Immediate Release System through the Nippon Automated Cargo Clearing System (NACCS) has been introduced since April 1996. Clearance time will be further reduced for those that use this system.

(b) The NTE is written as if U.S. Customs fully utilizes pre-arrival processing while Japan does not. This is contrary to the truth, as the Government of Japan has conducted promotional measures, such as explaining the pre-arrival process at meetings and drafting PR [public relations] pamphlets. Furthermore, the NTE indicates that U.S. Customs notifies the importer prior to the arrival of the cargo if there is no need to inspect it, and further points out that Japan does not have such a system. However, the Government of Japan not only notifies the importer if there is no need for inspection, but also conducts pre-arrival document examination on papers which require it, and notifies the importer when the examination is completed. This is more than is carried out by the United States.

(c) The United States indicates in the NTE that Japan had "promised" to shorten the import processing time to under 24 hours. However, in the Final Conference Report of the Japan-U.S. Structural Impediments Initiative which took place in June 1990, the aim was set to shorten the time required for the process from import submission through import authorization (customs clearance time) to under 24 hours. Therefore, if the United States believes that the time necessary for the entire import process (from the arrival of the cargo through import authorization) was promised to be under 24 hours, then its belief is contrary to the facts. The aforementioned aims were achieved in 1992 (0.8 days for sea cargo and 1.6 hours for air cargo), and the clearance time for sea cargo was 0.5 days in 1993.

(d) Furthermore, the United States indicates that the overall import processing time for air cargo in Japan takes 1.7 days; this number includes time other than that taken by the Government process, such as the physical inspection of the cargo and the payment of tariffs. Therefore, it is not appropriate to compare the time with a number such as that mentioned in the NTE ("U.S. Customs clears over 90% of air cargo within 30 minutes of arrival") because the basis of calculation differs.

(e) The United States has indicated that there has been no progress in automating the work of Japanese agencies other than customs. However, in the Deregulation Action Program adopted in March 1995 (which addresses programs until FY97), the automated systems for animal quarantine (Ministry of Agriculture, Forestry and Fisheries) and food sanitation (Ministry of Health and Welfare — U.S. Customs does not conduct confirmation) are to be interfaced with the NACCS, with the process currently ongoing. Through these measures, approximately 83% of cargo that requires processing other than customs clearance will be covered.

Standards, Testing, Labeling and Certification

Reference is made to Japanese industry's support for safety and other standards that are said to be unique and to restrict competition. Here it should be stated that Japan's standards are in line with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement) and the Agreement on Technical Barriers to Trade, and are designed so that they do not unnecessarily hamper international trade. Furthermore, these Japanese standards are drafted to harmonize with international standards, when such international standards exist. Thus, it is not correct to say that Japanese standards are unique, or that they restrict competition.

(1) Pharmaceuticals and Medical Devices

Since the beginning of FY96, the Government of Japan has considered reviewing the food product and pharmaceutical sectors, in accordance with the March 1995 Deregulation Action Program. Another matter being considered is expansion of the use of hard gelatin capsules for nutritional supplements. Regulations with regard to such use do not represent a barrier to U.S. pharmaceutical manufacturers entering the Japanese market.

Price setting for special treatment materials (STM) closely considers factors, including cost price (which, as indicated, includes costs inherent in development) and insurance costs. In addition, comprehensive discussions are held with applicants prior to price setting. The Government of Japan is convinced that STM price-setting in Japan is conducted in an appropriate manner, with the full understanding and cooperation of all concerned.

The Central Social Insurance Medical Council has decided to gradually reduce the "Reasonable Zone" (R-Zone) for pharmaceutical prices. Because there is reason to believe that the same treatment should be accorded STM, and because in many cases STM prices have been much higher than those in foreign countries due to the previous practice of providing reimbursements that are calculated on purchase prices paid by medical institutions, there is a need to ensure reasonable price levels. The Government of Japan therefore believes the "R-Zone" for STM should be reduced, but this is a matter that should be deliberated upon by the Central Social Insurance Medical Council, and does not mean that a decision has been taken in favor of reduction.

(2) Food Additives

With regard to the designation of new food additives and revision of standards for use of food additives, on 22 March 1996, the Government of Japan established guidelines indicating the documentation required for application procedures and required it to be attached to applications. We hope that applications will be made according to these guidelines.

Although provisions found in the WTO-SPS Agreement were taken into consideration when Japan's Food Sanitation Law was revised in 1995 to modify regulations on food additives, WTO-SPS Agreement does not directly specify adoption of a positive list for food additives.

(3) Pesticides Residue

As a short-term goal, the Government of Japan intends to draw up residue standards for at least 200 pesticides by the year 2000. Steps are also being taken to provide the Japanese people with relevant information by, for example, releasing the results of safety assessments which the subcommittee of the Food Sanitation Investigation Council makes for each pesticide.

(4) Fresh Fruits and Vegetables

(The following to be added to comments on fresh agricultural products, which appear in 1.(4) above [Take 2].) Phytosanitary measures are not taken against dead pests.

Government Procurement (1) Introductory remarks on government procurement in general

The NTE asserts that "structural problems" and an entrenched legacy of "Buy Japanese" purchasing practices hamper foreign firms seeking market access, and "barriers" also affect purchases subject to formerly GATT and now WTO Government Procurement Agreement requirements. On the contrary, Japan has consistently conducted its government procurement in a non-discriminatory manner.

As part of its efforts to voluntarily improve access to government procurement markets, the Government of Japan has implemented the requirements of the Agreement on Government Procurement prior to schedule and has also implemented supplementary measures to ensure non-discrimination and greater transparency in particular sectors which include goods in general and public works projects. (These supplementary measures include the following: early access to information on major procurements and on procurements extending over several fiscal years, by providing procurement information in a uniform manner through Kanpo announcements at the beginning of each fiscal year, government procurement seminars, and contact points established to offer advice; request for comments; and adoption of the overall-greatest-value evaluation method.)

Since the Agreement on Government Procurement took effect in January 1996, the Government of Japan has extended coverage for procurements to services and local governments, and has voluntarily taken measures to expand application of the above-mentioned supplementary measures to include the services now covered by the Agreement. Therefore, there is no room left for so-called "Buy Japanese" purchasing practices and it is not clear how the NTE asserts that "structural problems" and "barriers" hamper government procurement market access.

Second, the NTE asserts that there is lack of transparency in procurement procedures because of lack of long-term relationships between foreign suppliers and Japanese government procurement officials and difference in details of relevant regulations of the entities from one another. However, current procurement procedures of entities, including local authorities, are practically the same . Furthermore, in addition to the fact that procurement procedures and relevant regulations governing all entities covered by the new WTO Government Procurement Code are publicly announced in the Kanpo and other publications, standards for awarding contracts (which in principle use the lowest-price automatic award method), and the release of information on bidding results (which in the case of single tendering contracts includes the reason for using such contracts) are conducted in as fair and objective a manner as possible, and which prevent, to the maximum extent possible, any arbitrary decisions made by government procurement officials. From these facts, one can only arrive at the conclusion that the NTE's assertions lack basis and are inappropriate.

The NTE also states that no monitoring is done of Japan's voluntary government procurement measures. Yet the Government of Japan has conducted follow-ups on its Action Program on Government Procurement, one of the voluntary measures, and has published the results of these follow-ups. Furthermore, starting in 1995, the Government publishes a White Paper entitled "Japan's Government Procurement: Policy and Achievements," which presents information on individual contracts awarded and uses this data to analyze overall trends. The Government also voluntarily holds Review Meetings to examine how voluntary measures have been implemented. The Review Meetings provide an opportunity to learn the opinions of suppliers from Japan and abroad, including the United States. Meeting results are also published.

Lastly, the NTE asserts that quasi-governmental entities are not covered by Japan's WTO Procurement Code commitments or voluntary measures. This assertion is incorrect — entities other than those of Japan's Central Government and local governments, and which are covered by the new Agreement (special status corporations), have increased in number from 21, which were covered under the old Agreement, to 84, covered under the new.

(2) Computers

Continuing the progress made last year, steady implementation of the Measures in tandem with the efforts of foreign firms to enter the market have resulted in a steady increase in government procurement of foreign computer products. The Japanese public sector's procurement of foreign computer products increased from 27.9% of the total in FY93 to 29.3% in FY94. When procurement of services is added, results show a rise from 23.3% in FY93 to 24.2% in FY94. The NTE does not refer to any data provided by the Government of Japan, instead pursuing a one-sided argument using only data provided by the U.S. computer industry. These U.S. statistics do not reflect reality for several reasons, including the fact that they are based on surveys covering only a limited number of suppliers, and they do not take into account final user demand. It is hardly appropriate for an official report to quote such statistics.

At the annual meeting held in February 1996, the United States raised the issue of deep price discounting by Japanese computer companies when selling to Japanese public sector entities. The Government of Japan is presently looking into this issue.

(3) Medical Technology

It is incorrect to state that the Framework goal is "a 'substantial' increase in access and sales of foreign competitive products and services." The Framework goal, as described in the statement issued by the Japanese Prime Minister and the U.S. President in July 1993, and in the exchange of letters on government procurement in the medical technology sector, is "to deal with structural and sectoral issues in order substantially to increase access and sales of competitive foreign goods and services." In point of fact, the purpose of the Measures Related to Japanese Public Sector Procurement of Medical Technology Products and Services is to "ensure non-discriminatory, transparent, fair, competitive, and open public sector procurement procedures." The purpose is not to increase sales of foreign products.

The NTE refers to quantitative and qualitative criteria used to assess the implementation of the agreement, but this is not quite correct. It would be more accurate to say that "the assessment of the implementation of the Measures and Guidelines, as well as the evaluation of progress achieved, will be based on the overall consideration of the qualitative and quantitative criteria."

The NTE is also mistaken when it states, "the agreement also provides for the head of each entity to encourage its procuring officials to consider positively the procurement of foreign medical technology products and services." In fact, a notice from the head of each entity is to encourage all procurement officials to give fair, non-discriminatory and positive consideration to all procurements of competitive foreign medical technology products and services.

The NTE states that, in the exchange of letters, the U.S. Government "has received assurances from the Government of Japan that it will provide adequate budgets...for the purchase of foreign medical technology products and services." The NTE's interpretation can lead to a misunderstanding. In fact, the exchange of letters states that the Government of Japan "will...make maximum efforts in the future...to obtain sufficient funds to enable public procurement of medical technology products and services based on prices for similar products and services in similar working environments in the private sector."

The NTE cites a 21% market share for U.S.-made products in Japan, but the method of calculation is unclear. During the last review meeting, Japan explained that the reimported products in the Japanese market (products which were manufactured by overseas Japanese production facilities and then imported into Japan) which could be covered by the Measures, are actually so limited that they can be ignored, and the United States has clearly expressed consent to this view. During the review meeting, the United States cited an 18% market share for foreign products and services in this sector, but this percentage only takes into account the Kanpo's announcement of procurements in which the successful bidder was a foreign supplier. Cases such as a Japanese company which offers foreign products and services and wins a bid are not included in U.S. calculations of foreign products and services; such a calculation method is not in line with data collection methods found in Appendix C of Ambassador Kuriyama's letter to Secretary Brown.

(4) Satellites

Here the Government of Japan would like to clearly state that non-R&D satellite procurement procedures concluded in 1990 were not determined as a result of negotiations under the Super 301 provisions of U.S. Trade Law.

Furthermore, if the NTE has named as a "potential issue of concern" the procurement of Data Relay Test Satellites (DRTS) for Japan's National Space Development Agency, it is worth pointing out here that the DRTS are designed to validate new in-space data relay technologies. These satellites are being developed for R&D purposes that will have no commercial use, and so are not covered by the above-mentioned satellite procurement procedures.

The NTE states that the U.S. Government requested, in its November 1995 deregulation submission, that the Government of Japan bring restrictions regarding earth stations into accordance with international standards. The Government of Japan is not aware of any such submission made at that time. Even if perhaps the year for the submission was mistakenly typed in the sentence as "1995" instead of 1994, the Government of Japan is not aware of the details of the supposed request, and has asked the U.S. Government for clarification. The Government of Japan has still not received a definitive response from the United States. If the intent of the NTE was to refer to a deregulation submission made in 1994, the Government of Japan would appreciate receiving a clear and specific request.

(5) Supercomputers

As in the previous year, transparent, open and nondiscriminatory procedures have been implemented in accordance with the "Procedures to Introduce Supercomputers," which were established in 1990. All procurements in FY95 were made under open and competitive tender. The NTE refers to an improvement in 1993 and 1994 procurement results since the time the U.S. Government began a special review under Section 306 of the 1974 Trade Act, thereby implying a direct relationship between improvements in the procurement of U.S. products and the review being conducted. Procurement result changes were unrelated to the review.

As for concerns which, during the annual meeting held in February 1996, the United States raised with respect to two specific procurements, the Government of Japan has confirmed that the winning supercomputers conforming to the specifications were delivered as scheduled. The Government of Japan is prepared to further explain the matter to the U.S. Government if necessary, but it should be pointed out here that no complaint has been filed with regard to any procurement for FY95.

Incidentally, with regard to the U.S. Government's procurement of supercomputers, there is a lack of transparency in the application of national security provisions, which leaves the procurement procedure not fully open and transparent. In fact, no Japanese supercomputer has been procured to date.

(6) Telecommunications

(a) Arrangements on Procurement by NTT It should be noted that the arrangements on procurement by NTT do not include "objective criteria." Regarding the allegation that the foreign share of NTT's telecommunications product procurement has increased by only one percent from last year, and thus the figure proves the existence of barriers in NTT's procurement procedures, we would like to remind the U.S. side that the market share which a supplier obtains is determined by a wide range of factors beginning with the amount of effort made by that supplier. As such, it is simplistic and inaccurate to advance the argument that a low growth rate in share holdings is evidence of barriers within NTT's procurement procedures. Furthermore, this NTE includes reference to the share of foreign products in NTT's procurement as recorded in data compiled by NTT. However, unless specifically specified otherwise by NTT, this data is to be treated as strictly confidential. Japan takes this opportunity to strongly urge the U.S. side to be more attentive in the use of this data.

The National Trade Estimate alleges that NTT provides information to major Japanese corporations only, uses standards which are preferential to Japanese corporations, and imposes unclear criteria for evaluating bids. The Government of Japan is convinced that these allegations are not supported by any factual basis. Based on the Improvement Measures taken in 1994, NTT makes Requests for Information (RFI) and Requests for Comments (RFC) to all suppliers (Attachment 1, III and IV), principally uses specifications based on performance rather than design or descriptive characteristics, and applies international standards, where such exist. In cases where international standards do not exist, NTT gives full consideration to using de facto international standards (Attachment 1, V). For the evaluation of bids, NTT uses clear criteria which are explicitly stated in the procurement documentation provided to potential bidders (Attachment 1, VII).

(b) Telecommunications Products and Services

The purpose of the Measures on Japanese Public Sector Procurement of Telecommunications Products and Services is to ensure non-discriminatory, transparent, fair, competitive and open public sector procurement procedures. These Measures do not have a specific objective nor goal of increasing sales of foreign products. Furthermore, the NTE expresses a concern as to whether or not tenders are being offered based on international standards and performance specifications. However, with a view to ensuring the use of performance as the decisive factor in technical standards, as consistent with the Measures, technical specifications are described in a concrete manner based on performance and international standards are, in principle, used in actual procurement. Furthermore, with budgetary reservations, procuring entities make the utmost effort to provide explanations to potential bidders on the long-term projects which are to be across more than a single fiscal year.

The NTE states that at the review meeting in 1995 foreign products and services held only 3% of the share of central government procurement in 1994. That figure is based only on a superficial investigation of Kanpo, does not include data from cases in which Japanese suppliers deliver foreign products, and thus is inappropriately low. As was indicated by Japan at the time of the review meeting, based on Ambassador Kuriyama's letter to Ambassador Kantor, the share of foreign products and services in 1994 was actually 7% when calculated based on an analysis of related documents and other materials, in addition to public notifications in Kanpo, used to determine whether or not products supplied were really foreign. It is this 7% figure which accurately reflects the situation for 1994.

Protection of Intellectual Property Rights

(1) Copyright

Under the current Japanese legal system, investigations into violations of copyrights are only initiated in the event that the holder of the copyright takes the initiative in making a formal accusation.

(2) Patents

There is no denial of the use of specific theories in court interpretations of the scope of protection granted to patents in Japan. Indeed, courts make decisions on a case-by-case basis in order to achieve harmony between the protection of rights and requirement to clarify the scope of the rights of third parties. This is not a matter which ought to be treated as a trade barrier.

However, the measures which the United States is to take within the Framework Talks (the introduction of an early publication system and expansion of the reexamination procedures) are yet to be accomplished through legislation. The United States has acknowledged this and Japan strongly urges that it make more efforts to achieve full implementation.

(3) Trademarks

Efforts are being made to shorten the trademark registration process by introducing machine-based search functions, contracting out some work of the process and expanding the number of examiners. Furthermore, protection of well-known marks is clearly stipulated in the Trademark Law, and, in addition, clear standards have been established for examining trademark applications and efforts are being made to enhance the systems.

(4) Trade Secrets

A. The allegation that Japanese courts require disclosure of trade secrets is incorrect. The Japanese Constitution strictly stipulates the exceptions to the principle of full public disclosure of court proceedings. As a result, the court proceedings concerning trade secrets must be made in the Court open to the public. In the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPs) of the World Trade Organization, although trade secrets are granted procedural as well as substantive protection, there is reservation that "unless this would be contrary to existing constitutional requirements."

B. The bill to amend the Civil Procedures Law which is currently pending in the Japanese Diet stipulates that trade secrets and other court records will be made public only to parties to court cases. As a result, when this bill passes there will be a substantial improvement to the protection afforded in the procedures of cases involving trade secrets.

Furthermore, although there is no stipulation requiring that parties to court cases and their attorneys be given a clear obligation of confidentiality in the revised Civil Procedures Bill, the improper use or disclosure of information related to trade secrets obtained by these parties in the court process constitute a tortuous act in private legal system.

Services Barriers

(1) Construction, Architectural and Engineering Services

While the NTE states that at the First Annual Review Meeting of the Action Plan on Reform of the Bidding and Contracting Procedures for Public Works (the Action Plan), although it was acknowledged that FY94 had been a transitional period, dissatisfaction was expressed with the limited business awarded to United States firms. Furthermore, it was stated that a number of procedural recommendations were offered, and although mention was made of the fact that since the holding of that Review Meeting some successes had been enjoyed by United States firms, overall there has been little improvement in the participation of foreign firms in the Japanese public works market and that the US Government continues to be concerned over the implementation of the "agreement". However, some of the Japanese ministries and agencies have announced voluntary measures to achieve operational improvement in areas which match the content of the recommendations offered by the United States at the review meeting and further measures for operational improvement are under consideration. Thus, questioning the status of implementation of the Action Plan simply because of the low number of projects awarded to foreign firms is not an appropriate manner to evaluate the efforts made thus far.

Furthermore, the treatment of the Chubu New International Airport and the Kansai International Airport under the Major Projects Arrangements (MPA) is as outlined in the Attachment and Annex 6 The MPA Project List to the Action Plan. Chubu New International Airport is categorized as a future project (an if and when project) but it is not an MPA project yet since even the procuring entity has not yet been decided. Study works related to this project have thus far been conducted principally by engineers within the Ministry of Transport and the Fifth District Port Construction Bureau of the Ministry and, when necessary, supplemental and peripheral works such as creation of maps, calculations, ocean mapping and other site observations have been contracted out. There has been no exclusion, however, of foreign corporations from participation in these works. In the future efforts will be redoubled to ensure that transparent and objective tendering and contracting procedures are used. Based on the Agreement on Government Procurement as well as the measures of the Action Plan which implemented the Agreement prior to the schedule, efforts will be made to ensure that transparent, objective as well as competitive tendering and contracting procedures which are acceptable by international standard will be used.

(2) Insurance

The Japanese insurance market is open to all companies, including foreign insurance firms. Indeed, foreign insurance firms which have entered the Japanese market experience no discrimination and are able to compete under the same conditions as Japanese insurance firms. In order to meet the needs of consumers, protect those who contract for insurance, and guarantee a stable supply of insurance, a minimum level of regulations are maintained on all insurance providers. There is no fact to claims that competition is especially limited in certain sectors or that protection is granted to the major portions of the market.

Furthermore, it is illogical and inappropriate to unilaterally lodge criticism regarding the low level of market share obtained by foreign firms without considering the level of management resources which they have committed to the Japanese market, the degree to which they have made marketing efforts and whether or not they have formulated an effective business strategy. It is also improper to claim that government regulations are responsible for the concentration of a very small number of firms in the third sector market.

The Government of Japan has taken a positive and active approach to effecting deregulation through such steps as the revision of the Insurance Business Law in June 1995 which included measures to deregulate through the liberalization of products and premium rates and through the introduction of a broker system as was outlined in the Measures by the Government of the United States and the Government of Japan Regarding Insurance. Japan intends to bear in mind the necessity to protect parties which contracted for insurance and to ensure that there is no confusion in the market as it continues to steadily implement deregulation.

Furthermore, it goes without saying that Japan has been faithfully implementing those measures described in the above-mentioned Measures. For example, as for the question of transparency, the Government of Japan has held regular and ad hoc meetings to exchange views with foreign insurance provider groups as well as agreeing to engage in direct exchanges of opinions when requested by individual foreign insurance firms. Indeed, full and fair access to information is possible for foreign insurance firms and the concern of the United States regarding transparency in the Japanese market is not correct.

The NTE refers to broad application of a notification system. However, in the United States as well, automobile insurance products and premiums are covered under an approvals system in many states. Indeed, there is no broad application of a notification system.

(3) Legal Services

The Government of Japan has submitted a bill to the current ordinary Diet session, which will effect a revision of the law, to liberalize measures regarding representation in international arbitration by foreign lawyers. Furthermore, it was included in the Revision of the Deregulation Action Program on 29 March, that the review process will be initiated regarding the prohibition against "gaikokuho-jimu-bengoshi" employing Japanese lawyers, and on regulations on the experience requirements for qualification as "gaikokuho-jimu-bengoshi."

(4) Telecommunications Services

Regarding interconnectivity, with a view to ensuring transparency in interconnections and promoting interconnectivity in a diverse format with NTT local networks, in the recent Revised Deregulation Action Program, a decision was made to decide specific content aiming to create basic rules for interconnection with NTT local networks during 1996 on such matters as imposing the obligation to interconnect, introducing a rate schedule and tariff system concerning terms and conditions of interconnection, establishing accounting systems for interconnection such as accounts for interconnection and unbundling of interconnection costs.

Furthermore, in April 1996, with a view to reaching a successful conclusion to the Negotiations on Basic Telecommunications in the World Trade Organization, regarding operating approvals and approval to act as a radio station for Type I telecommunications carriers (carriers other than NTT and Kokusai Denshin Denwa Co., Ltd. [KDD]), Japan has announced a proposal that will withdraw the current regulation limiting foreign investment to 33%, as well as restrictions on number of foreign directors, along with its request to major countries to liberalize the telecommunications sector.

In addition, the business plan, which is necessary at the time of applying for approval as a Type I telecommunications carrier, calls for the very minimum amount of information such as service provision plans and based on the consideration standards of the Telecommunication Business Law, maintain as a basic policy that "with a view to seeking further new market entry, in light of the possible future expansion of the telecommunications market, responses will be based on the projected demand as indicated by applicants." As such, the allegation that "the Ministry of Posts and Telecommunications has a role in granting or denying applications based on its estimates of market demand" is incorrect.

Furthermore, in January 1996, Japan composed and made public notification of a "Manual for Market Entry into the Japanese Telecommunications Business," which includes a compilation of laws and regulations, consideration standards, business guidelines and other important matters relevant to new entry into the telecommunications market. In addition, the content of that manual has been made public to the entire world through the Internet as one aspect of Japan's efforts to ensure transparency in its regulations.

Investment Barriers

(1) Direct Investment

Japan has taken a number of positive steps promoting an environment attractive to inward foreign direct investment. These steps include: enactment of the Inward Investment Law in March 1992; establishment of the Japan Investment Council (JIC); and adoption of the Deregulation Action Program. The following are of particular note with regard to the Deregulation Action Program:

(a) consideration is being given to mining, one sector presently requiring prior approval, with a view to making the mining industry eligible for ex-post notification during the implementation period of the Deregulation Action Program; and

(b) in the revised Deregulation Action Program adopted by Cabinet decision at the end of March 1996, consideration will continue to be given during 1996 to fee-charging employment agencies, studying such matters as increase in the number of work categories and appropriate fee rates. Plans call for decisions taken as a result of these deliberations to be implemented during FY97.

(2) International Contracts

The Japan Fair Trade Commission (JFTC) scrutinizes the content of notified contracts. If it determines that certain contract clauses would restrict competition and thereby negatively influence the Japanese market, the JFTC has had such clauses removed or amended, regardless of whether this would be advantageous or disadvantageous to the foreign party or the Japanese party. The JFTC ensures that foreign businesses are not discriminated against. Furthermore, in accordance with the recently revised Deregulation Action Program, in light of economic globalization and the need to ease the burden on businesses, the international contract notification system will be reviewed with a view to eliminating the system in principle; a conclusion is to be reached in this regard by the end of FY96.

Anti-Competitive Practices

(1) The Enforcement of Competition Policy

Competition policy in Japan has been strengthened steadily with the aim of active implementation along with deregulation. At the recent revision of the Deregulation Action Program, the Cabinet decided a number of measures in this regard such as: strengthening of the Japan Fair Trade Commission (JFTC) through the bolstering of the JFTC's organization and the number of personnel including the reorganization of the current Executive Office (jimu-kyoku) into the General Secretariat (jimu-sokyoku) during FY96; enhancement of the enforcement abilities of the Anti-Monopoly Act and taking rigorous and active measures, including criminal accusations, against violations of the Act; and the abolition by the end of FY98 of 33 Anti-Monopoly Act exemption systems under individual laws.

Revisions to the Anti-Monopoly Act which comprehensively strengthen the organization of the JFTC are currently being submitted to the Diet, and the JFTC's personnel in the investigation departments have also been increased by more than 100 people since 1988, to 236 people by the end of FY96. Furthermore, measures against Anti-Monopoly Act violations include: criminal sanctions aimed toward punishment; formal decisions, which are administrative actions ordering the violator to cease and desist the violations; and surcharge payment orders, which are administrative measures in which profit made by a cartel is seized. Therefore, the Government of Japan believes that there are sufficient deterrents against violations of the Anti-Monopoly Act.

As can be seen from the above, the measures and enforcements contained in the Anti-Monopoly Act are in no way inferior to international standards.

Moreover, each incident should be processed appropriately according to the facts in the individual case. Therefore, it is not appropriate for the NTE to comment on the number of cases or specific sentencing of a crime.

After the publication of the policy statement regarding criminal accusations in June 1990, the JFTC has made accusations against 33 people in 21 companies in a total of three cases. In the last fiscal year, the surcharge payment orders assessed totaled 6.45 billion yen (U.S.$68.58 million). Incidentally, the fines sentenced in anti-trust violations in the United States in FY95 were U.S.$41.43 million.

(2) Guidelines Concerning Distribution Systems and Business Practices

The JFTC deals severely with violations of the Anti-Monopoly Act, based on the points outlined in the Anti-Monopoly Act Guidelines Concerning Distribution Systems and Business Practices issued in 1991. During FY95, the JFTC ordered that measures be taken to eliminate resale price maintenance (RPM) conducted by the Japan's largest cosmetics manufacturer, as well as ordering that measures be taken to eliminate unfair trade practices involving other cases of RPM or obstruction of parallel imports, based on the points outlined in the Guidelines.

The four business areas mentioned in the NTE were found to have no factual basis involving violations of the Anti-Monopoly Act. However, from the viewpoint of competition policies, certain indications were made by the JFTC. As a result of the follow-up surveys, it was found that all of the relevant businesses were taking a sincere approach to improving their business practices according to the indications made by the JFTC.

The JFTC expects relevant businesses to continue to sincerely make efforts to improve their trade practices.

(3) Restrictions on Exports and Imports

The JFTC has long since actively enforced the Anti-Monopoly Act against its violations which could lead to price differentials between Japanese and overseas markets. In FY95, the JFTC ordered that measures be taken to eliminate restrictions on the import of chemicals from Taiwan to Japan and other actions which obstructed imports.

Furthermore, since its establishment, the Task Force on Import Restrictions and Internal-External Price Gaps has taken an active approach to gathering relevant information. Examples in FY95 were cases such as a price cartel of automobile fuel gas largely dependent on imports, and the obstruction of parallel imports of porcelain tableware. In the future, it is expected that recommendations and other formal actions will be made based on the activities of the Task Force. The JFTC intends to continue to make full use of the Task Force in order to actively eliminate any violations of the Anti-Monopoly Act in these areas.

As such, allegations that the Task Force is not being utilized are without any factual foundation.

(4) Restrictions on Holding Companies

Regarding restrictions on holding companies, in accordance with the recently revised Deregulation Action Program, a review will be conducted and appropriate measures will be taken to lift the ban on holding companies to the extent compatible with the antimonopoly policy. In light of the need to take appropriate measures, consideration is currently underway among the three parties of the ruling coalition. Therefore, it is not expected that a future revision of the relevant laws "could lead to a strengthening of Japan's keiretsu groups and an increase in the barriers faced by U.S. and other foreign firms in Japan."

Other Barriers

(1) Aerospace

The NTE alleges that interest rate subsidies and preferential loans are made by the Government of Japan to Japanese industries for development of airplanes and airplane engines. The Government of Japan considers international cooperation projects such as the B-777 as subjects of the subsidy and does not give preferential treatment to Japanese industries.

The NTE describes an alleged aerospace nurturing scheme in which MITI apportions work among Japanese manufacturers. There is no such scheme in place, and it is unclear to the Government of Japan as to why such a description was given.

The description that the "domestically designed and produced mid-size passenger jet (the YSX project) was being put on hold indefinitely" is incorrect; the project is currently undergoing a feasibility study. There has also been no such cancellation announcement.

With regard to the description that "sales in Japan of U.S. business jets, light aircraft, air traffic technology and equipment, airport-use equipment, and services remain far below that generally expected," it must be noted that Japan is the largest importer of aviation equipment (1994). Especially with regard to imports from the United States, Japan imported U.S.$3.3 billion in 1993, which accounted for approximately 10% of exports of manufactured products from the United States to Japan in 1993. Furthermore, the reason why the sales of business jets and other aircraft have not grown is because of the distinctly Japanese restriction of scarcity of its land.

The NTE cites the requirement of certificates of airworthiness as a trade barrier. However, the Convention on International Civil Aviation stipulates that the country of registry has the responsibility to ensure the airworthiness of aircraft. Therefore, it is obvious that any aircraft that is to be registered in Japan require a Japanese certificate of airworthiness. In the United States as well, any aircraft imported and/or registered is required to pass a U.S. inspection and to acquire a U.S. certificate of airworthiness. Therefore, the systems in Japan and the United States are equivalent. An insistence that only Japan is exercising excessive regulations (thus creating a trade barrier) is a misconstrual of the facts.

Alleged restrictive flight rules and the lack of heliports are described as factors which have stifled Japanese demand for helicopters. The construction of heliports require the authorization of the Minister of Transport under the Civil Aeronautics Law. This is mandated to ensure the safety of helicopter operations, and not to suppress heliport construction. Furthermore, the Ministry of Transport is implementing such active promotional measures as a 30% subsidy of public-use heliports.

There is a description in the NTE which presses for increased access to main airports for business aircraft that operate internationally. These requests have been accepted at Kansai International Airport, the New Tokyo International Airport and other major airports through adjustments of times of reception and apportionment of slots (in 1995, Kansai — 178 times, Narita — 326 times). The New Tokyo International Airport (Narita Airport) and Tokyo International Airport (Haneda Airport) are both already operating at maximum capacity for arrivals and departures with a large number of requests for new access, new routes, and increased flights. Therefore, the request for acceptance of business aircraft are extremely difficult.

(2) Autos and Auto Parts

(a) Motor vehicles The NTE states that Japanese vehicle manufacturers wield control over dealer networks, and that the growth of foreign-controlled franchised dealerships since the conclusion of the Japan-U.S. Autos and Auto Parts Consultations has been slower than expected. Here it should be pointed out that Japanese vehicle manufacturers and dealers have no contractual arrangements establishing restrictions on the handling of other companies' products, nor are such restrictions practiced. Dealers are free to use their own judgment in signing franchise agreements with other manufacturers. Regarding this matter, results of a Japan Fair Trade Commission investigation released in June 1993 indicate that it was not a fact that the Anti-Monopoly Act was being violated. Nevertheless, taking into account the results of its investigation, the Commission urged the adoption of voluntary measures promoting competition. The Commission subsequently conducted follow-up investigations into companies' implementation of voluntary measures; results of these investigations, released in December 1993 and August 1994, indicated that all companies were acting in a sincere and positive manner. On numerous occasions, the Government of Japan has provided explanations on this matter to the Government of the United States.

Furthermore, in compliance with the August 1995 conclusion of the Japan-U.S. Autos and Auto Parts Consultations, the Government of Japan acted in good faith, implementing measures to facilitate market access for foreign automobiles in Japan. These measures include: the Government of Japan's expression of support for, and issuance of notifications related to, announcements from relevant business organizations regarding an open distribution system for competitive automobiles; and designation of contact persons in both Governments and in the companies of both countries.

Moreover, with regard to expectations based on a forecast made only by the United States, it was clearly stated on 28 June 1995, in a joint announcement by then-Minister of International Trade and Industry Ryutaro Hashimoto and United States Trade Representative Mickey Kantor, that the forecast goes beyond the scope and responsibility of government, and that the Government of Japan has no involvement whatsoever in such a forecast.

(b) Auto parts Regulations governing vehicle inspections, modifications and repairs are clearly specified in written form, so the NTE is mistaken when it describes these regulations as "obscure." Furthermore, in Japan the replacement of auto parts is, in principle, conducted freely, and even parts subject to regulations governing disassembly and repair are handled in a non- discriminatory manner, regardless of origin. Therefore, these regulations do not act as a barrier to the market entry of foreign-made replacement parts; the comment referred to above is based on a misunderstanding of the facts.

Of the approximately 80,000 certified garages located throughout Japan, about 80% are independent; only about 20% are dealer-affiliated. According to a survey conducted by the Ministry of Transport in FY94, vehicle owners and repair garage owners stated that they would use parts which exhibited high levels of safety and quality, thus showing that there was no discrimination as to product origin; the NTE's comment is mistaken.

Furthermore, the inspection cost for consumer replacement of critical parts is very low — the NTE errs on this point also.

The Government of Japan will deregulate 23 standards and certifications issues, not 16 as stated. The document issued as the results of the Autos and Auto Parts Consultations did not state that the Government of Japan would, on its own, deregulate all issues, but that the Government of Japan "intended to reach a conclusion in good faith under the Consultations (.....) [as received] to the mutual satisfaction." The Japan-U.S. Expert Meeting on Motor Vehicle Standards and Certification Issues, held toward the end of March 1996, yielded decisions on all issues.

There was neither agreement nor common recognition reached between the Government of Japan and the Government of the United States regarding Japanese vehicle manufacturers increasing production in the U.S. and increasing local content. This comment in the NTE is without any foundation whatsoever. In this regard, it is true that Japanese vehicle manufacturers announced, on 28 June 1995, respective plans to increase production capacity in the United States, but it was clearly specified, in the joint announcement made the same day by then-Minister of International Trade and Industry Ryutaro Hashimoto and United States Trade Representative Mickey Kantor, that these plans were outside of the Japan-U.S. Framework Talks.

(3) Cellular Telephones/IVANS/NCTE

The Government of Japan adopted deregulation measures in March of this year limiting the range of service agreements between international value-added network services (IVANS) providers and foreign operators which require authorization to international telephone service and international ISDN services.

Moreover, a decision to completely liberalize the provision of basic voice services in IVANS with the public networks in 1997 was made in the revised Deregulation Action Program. Furthermore, reviews of the standards for the number of lines for Special Type II carriers and General Type II carriers are planned to be completed by July of this year, with the aim of reducing the number of domestic Special Type II carriers to approximately one-half the current number.

(4) Civil Aviation

- The NTE states that the Government of Japan advocates restraints on growth of U.S. carriers' services, while at the same time trying to expand flying rights for Japanese carriers to and beyond the United States. This comment is mistaken, for the following reasons:

(i) The position of the Government of Japan is that the development of Japan-U.S. civil aviation should be grounded on the principle of equal opportunity.

(ii) The Government of Japan is only stressing that U.S. carriers should exercise their beyond rights in accordance with Article 12 of the Japan-U.S. Civil Air Transport Agreement; it is not attempting to restrict the exercise of their legitimate rights and interests. The Government of Japan has suggested to the U.S. Government that the both Governments hold consultations on this issue, in accordance with the Agreement, but the United States has not yet replied positively to this suggestion.

(iii) Here the Government of Japan would like to indicate that it is a fact that the Government of the United States is restricting the legitimate rights which Japanese carriers are accorded under the Agreement.

* It is alluded that the Government of Japan unfairly restricts the flights of U.S. incumbent carriers to points beyond Kansai International Airport and prevents the flights of other U.S. carriers desiring to serve the same airport. Here it is worth pointing out the following:

(i) The position of the Government of Japan is that development of Japan-U.S. civil aviation should be grounded on the principle of equal opportunity.

(ii) The Government of Japan is simply stressing that the flights of U.S. carriers to points beyond Kansai International Airport should be in accordance with Article 12 of the Japan-U.S. Civil Air Transport Agreement; it is not attempting to restrict the exercise of their legitimate rights and interests.

(iii) The question of U.S. carriers other than incumbent carriers desiring to serve Kansai International Airport must be agreed upon during consultations. This is why the Government of Japan has already suggested to the United States Government that both Governments hold consultations on passenger services, and that the consultations do not exclude this issue, but the United States has not yet replied positively to this suggestion.

* The NTE also asserts that, during Japan-U.S. All-Cargo Negotiations, Japanese air transport authorities have sought to restrict the rights of U.S. carriers. This statement is based on a misunderstanding of the facts. The negotiations were carried out with the objective of achieving equality and further liberalization. Japanese air transport authorities conducted the consultations on air freight with a view to expanding opportunities for both Japanese and U.S. carriers, as will be clear from a perusal of the contents of the result obtained through consultations at the end of March.

* The comment was made that U.S. carriers have the lion's share of the Japan-U.S. civil aviation market because U.S. carriers are more competitive than Japanese carriers. Here it should be stated that their large share is due to the advantageous position they have enjoyed for 43 years under the current Japan-U.S. Civil Air Transport Agreement, and not due to a difference in competitiveness. Before making such an assertion, the United States should first agree to permit equal opportunity for both countries' carriers under a Japan-U.S. Civil Air Transport Agreement.

(5) Deregulation

The Government of Japan has steadily and systematically promoted deregulation in accordance with the Deregulation Action Program. (The Program includes specific details of measures and a clear timetable of implementation to the greatest extent possible.) The Government of Japan revised the Program on March 29, taking into consideration the opinions and requests from domestic and foreign entities. Efforts were also made to ensure transparency of the revision process by such a way as publishing the interim report of deliberations. The revised Program includes 569 new deregulation measures concerning each ministry and agency, as well as the steps to be implemented for measures included in the original Program such as accelerating and clarifying the implementation timetable, and specifying the details of each measure.

The Government of Japan believes that review of regulations needs to be conducted on a continual basis in order to reflect the changes of social and economic situations. The Program will be revised again at the end of FY96, and the Government of Japan is in a position to promote further deregulation through taking account of opinions and requests from domestic and foreign entities as well as the reports of the Administrative Reform Committee.

Though it is not defined as part of deregulation, the Government of Japan has included administrative reform as one of the most important issues, and has been steadily promoting its implementation. In this regard, the Fundamental Principles of Administrative Reform decided by the Cabinet at the end of last year include a wide variety of measures such as promoting the government information disclosure, ensuring the proper operation of administrative process, and enhancing the transparency of advisory committees.

(6) Distribution

The Large Scale Retail Store Law will be revised in FY97. This revision will aim to ensure the effectiveness of the deregulation measures initiated in May 1994 through the Deregulation Action Program approved by Cabinet Decision on 29 March of this year. The revision will be made in consideration of the changes surrounding the distribution environment. The revision will also include the simplification of the documents required to be submitted to the various administrative organs.

(7) Flat Glass

In response to the indication in the NTE that the flat glass market is controlled by three domestic manufacturers, the Japan Fair Trade Commission (JFTC) survey of the glass market did not find any violations of the Anti-Monopoly Act. Moreover, the survey did not find any information sufficient to initiate an investigation. The JFTC survey found that domestic flat glass retailers (distributors) are joint retail outlets which generally carry products from multiple manufacturers, and did not recognize that Japanese flat glass manufacturers control a large portion of the flat glass retailers. According to a Ministry of International Trade and Industry (MITI) survey, approximately 50% of the distributors make purchases from more than two glass manufacturers.

In contrast to the NTE reference that foreign manufacturers account for only three percent of the Japanese market, Japan's Foreign Trade Statistics and MITI statistics found that the market share of imported flat glass was 12.6% on a quantity basis, and 5.3% on a monetary basis between January and June of 1995.

(8) Marketing Practice Restrictions

If sales promotions (offered to customers such as premiums and sweepstakes) impede the full functioning of the market, regulations need to be put in place (from a competition-policy perspective). The intent of sales promotion regulation is to prevent the hindrance of fair competition and the malfunctioning of market mechanisms by the distortion of informed consumer selection. It has never been intended to prevent new market entry by anyone, including foreign enterprises.

Furthermore, there are much stricter regulations on sales promotions in the countries of continental Western Europe; therefore, even from an international perspective, Japan is not imposing unique regulations.

The fair trade regulations prevent the unfair enticement of customers through representations and prizes, and ensure fair competition, thereby making it a necessary policy to ensure customer benefit. The suggestion that it is collusive or anti-competitive is a misunderstanding of the facts.

The revision takes into consideration changes in the economic situation and results of discussions among learned specialists. The review was conducted (with a view to effecting a comprehensive revision of the existing regulations), and contains appropriate suggestions made by the United States. The resulting regulations propose the maximum amount of deregulation possible in Japan under current conditions.

(9) Paper and Paper Products

The 1992 Measures to Increase Market Access in Japan for Foreign Paper Products provide that the Government of Japan shall encourage efforts to increase imports of competitive foreign paper products as well as efforts by the U.S. Government to promote marketing efforts by foreign companies.

The Government of Japan has been steadily implementing these measures. In the above-mentioned Measures, it is stated that the U.S. side has also decided to implement measures for 12 items: however, insufficient explanations have been given by the U.S. side on the current situation regarding the measures being implemented. The U.S. side has indicated its concerns regarding encouragement for the use of foreign-made paper products in key sectors and the lack of direct encouragement of consumers in four key end-use sectors. The Government of Japan has implemented public notification measures to key end-user sectors either directly or through written notification to business and industry associations, and has submitted the appropriate documents to the U.S. side at the review meetings. Therefore, the indication that measures implemented by Japan are insufficient is inappropriate.

Furthermore, imports of foreign papers in Japan have been steadily increasing, with a rapid increase in imports from the U.S. especially after the summer of 1995. Imports from the U.S. for print-quality paper and cardboard which are subject to the 1992 agreement have increased 18.6% (April 1995 to January 1996) compared to the same period of the previous year, and the share of the Japanese paper market held by foreign paper makers has been on the increase.

There was no justifiable reason for the U.S. Government of placing Japanese paper practices on the watch-list under "Super 301," and there have been no clear explanations as to why this was done. As this designation is inappropriate, the Government of Japan is expressing a note of concern to the U.S. Government.

The Japan Fair Trade Commission (JFTC) also carries out rigid enforcement of the Anti-Monopoly Act in all industries including the paper and paper-manufacturing industries. If an action taken by an enterprise or industry is determined to have specifically infringed on the Anti-Monopoly Act, then it is the policy of the JFTC to conduct requisite investigation and to rigidly enforce measures if there is a determination of proof of wrongdoing.

(10) Consumer Photographic Film and Photographic Paper

The United States Government insists that the Government of Japan is refusing to consult with it on this issue. Presumably, the U.S. Government is referring to the lack of formal negotiations, since there are constant exchanges of views between the government officials on this issue. Furthermore, there are no substantive proofs outlined in the NTE Report which support the descriptions under "Wholesale Distribution," "Retail Sales," and "Liberalization Countermeasures," etc.

The U.S. assertion based upon Section 301 petition filed by Eastman Kodak claims that there are habitual Anti-Monopoly Act violations in the Japanese market, and requests that these violations be eliminated. The Government of Japan regards this matter to be an issue concerning the Anti-Monopoly Act. The Japan Fair Trade Commission (JFTC) has always effectively carried out the Anti-Monopoly Act in this and all other markets and has rigidly enforced the Act against violators. Therefore, it is impossible that violations would be passed over by the JFTC. Since Kodak is insisting that there are Anti-Monopoly Act violations, it is possible and appropriate for them to file a claim with the JFTC. The Government of Japan has suggested to the U.S. Government that it encourage Kodak to file a claim with the JFTC. However, to date, Kodak has expressed that it has no intent to file with the JFTC.

Recently, the U.S. Government has been insisting that there are also problems of market access. At any rate, the U.S. claims that there are habitual Anti-Monopoly Act violations in the Japanese market resulting in problems of market access. Furthermore, the alleged "Liberalization Countermeasures" supposedly taken between 1967 and 1984, and the resulting creation of an anti-competitive market structure are, more specifically, issues of whether or not there are violations of the Anti-Monopoly Act in the Japanese market. This ultimately comes back to an Anti-Monopoly Act issue. (All of the claims regarding the Liberalization Countermeasures are complete misconceptions, and this point has already been conveyed to the United States Government. For example, the Ministry of International Trade and Industry's [MITI] Distribution Guidelines for the Photographic Film Industry, indicated in Kodak's petition to the United States Trade Representative [USTR], contains details on such matters as making the rebate system transparent, clarifying the system of payment, and the excessive frequency of restriction on physical distribution, and was drafted to promote clarification and rationalization of the conditions of transaction.)

In any case, the Government of Japan has always made it clear that it cannot negotiate under the threat of unilateral measures through Section 301 of the United States Trade Act, which is in itself inconsistent with international rules.

Furthermore, the JFTC is currently conducting a survey (separate from the claims of Kodak under Section 301) on the actual state of consumer photographic film and photographic paper markets as a part of their series of annual surveys from the viewpoint of competition policy.

(11) Semiconductors

General comments

It was inappropriate for the NTE to raise the issue of semiconductors. From a comprehensive perspective that includes total sales and the number of design-ins, the access of foreign semiconductors to the Japanese market has already been sufficiently improved.

Foreign semiconductors have penetrated rapidly into the Japanese market. The Japanese semiconductor market is completely open. As for the view that the Japan-U.S. Semiconductor Arrangement has promoted access to Japan's semiconductor market, even if opportunities for access expand, this merely provides further business opportunities. These business opportunities cannot result in real commercial benefit unless suppliers provide competitive semiconductors. The situation in today's Japanese semiconductor market completely reflects the power of product competitiveness.

Competitive foreign semiconductors are now so firmly established in the Japanese market that they are indispensable to it. Industrial cooperation, which is pursued on a commercial basis, is also firmly established.

Comments on individual issues

1. With regard to the NTE's assessment of the Japan-U.S. Semiconductor Arrangement

(a) The NTE states that the recent improvement in the performance of foreign semiconductors in Japan's market has demonstrated the effectiveness of efforts being made by all parties under the Arrangement. This statement is not based on the facts. Actually, the improvement is due to companies' business decisions, which are based on the following market mechanisms:

[i] Changes in Japan's demand structure, well represented by the widespread use of personal computers and mobile telecommunications devices;

[ii] Improved levels of competitiveness exhibited in the Japanese market by foreign semiconductor suppliers;

[iii] Greater industrial cooperation on a commercial basis in such areas as design-ins.

(b) The NTE asserts that because of the existing Arrangement, confrontation between Japanese and U.S. industries has been replaced with cooperation, thereby providing mutual benefits, and that if the Arrangement is not continued this progress might stall or even backslide. However, the formation of cooperative relationships among Japanese and United States industries is motivated by business decisions which are based on specific commercial strategies aiming at deepening complementary and interdependent relationships among companies. The existence of the Arrangement has nothing to do with this.

2. With regard to the NTE's comments implying the closed nature of Japan's market:

(a) The NTE suggests that market access for foreign semiconductors could be further improved in the following areas:

(i) Automotive, telecommunications, electronic game, and multimedia semiconductor markets;

(ii) High-quality design-ins of foreign semiconductors in key Japanese end-products; and

(iii) Greater usage of foreign semiconductors by small and medium-sized companies.

Each time these points are brought up by the United States during regular government-to-government semiconductor consultations, the Japanese side requested a clear description of the alleged existence of actual barriers; but until now no concrete, persuasive explanation has been forthcoming.

Moreover, when these points are discussed in subcommittee experts' meetings among Japanese and United States industrial representatives, no specific example showing the existence of such barriers has been given.

(b) The NTE also asserts that the foreign semiconductor share of the Japanese market remains relatively low compared to the situation in other markets, and that more remains to be done. Yet, in actual fact, market share is determined by such factors as demand structures in that market, product competitiveness, and sales efforts made by suppliers. Market share does not instantly indicate the extent to which a market is open or closed, so it would be wrong to point to market share and then make inferences on the closed nature of Japan's market.

Objective facts which should be recognized

During regular government-to-government semiconductor consultations, the United States referred to the need to further improve market access, but did not provide a clear explanation. The following objective facts should be recognized:

* During the approximately ten years since 1986, market share of foreign semiconductors rose from about 9% to about 30%, thereby greatly surpassing the 20% level which the U.S. industry had expected.

* Foreign semiconductor sales and the number of design-ins involving foreign semiconductors in Japan increased approximately seven times and nine times, respectively, during the eight-year period after the Arrangement came into effect.

* Due to advances in computerization, semiconductors, especially those from the United States, have become indispensable components in the Japanese market.

* United States microprocessors occupy a 78% share of the Japanese market.

* During the past ten years, the structure of the world's semiconductor market has changed significantly. The Asian market has grown rapidly, while the relative size of the Japanese market in the world has declined. The Arrangement, which only deals with the Japanese market, has become meaningless.

* Trade has increased in semi-finished and finished products integrated into semiconductors; the Arrangement was unable to cover this development, and is thus out of keeping with economic realities.

* During the past ten years, international tie-ups between Japanese and United States semiconductor manufacturers have spread greatly, like the mesh of a net, in the areas of development, production and sales. Similar relationships are being formed with European and Asian manufacturers. At a time when corporate relationships are increasingly reaching across borders, the Arrangement's approach, based on the concept of borders and nationalities, is out of keeping with reality.

* Japanese industry is opposed to government involvement in this field. Furthermore, Japanese companies plan to continue cooperating with other foreign companies.

In light of these facts, the objectives of the Arrangement have been sufficiently achieved, and the Arrangement should be allowed to expire at the end of July this year, as provided for. In the future, trade in semiconductors should be left to market mechanisms, and government involvement should be completely eliminated. As for future industrial cooperation, it would be desirable for voluntary and frank discussions to proceed between the private sectors in Japan and the United States without government involvement, and for even more constructive relationships to be established among companies.

Conclusion

From the above, it is clear that the NTE contains errors springing from a basic misunderstanding of the facts. It is not appropriate to urge extension of the Japan-U.S. Semiconductor Arrangement on the basis of such arguments.

(12) Sea Transport and Freight

The items indicated by the United States are private-sector business practices deeply related to labor issues. These are not issues in which the Government of Japan should involve itself, and the Government believes that a solution should basically be found among the parties concerned.

First, shipping companies requested to meet with the Japan Harbor Transport Association (JHTA) to discuss the revision of the current system and its method of operation. After discussions between the representatives, an agreement was reached between the JHTA and the shipping companies to work toward the revision of the system. The same agreement was reached between the JHTA and the harbor labor unions. The discussions between the JHTA and the shipping companies are ongoing.

Second, on the issue of weighing and measuring freight cargo, a basic agreement is close to being reached on a five-year phase-by-phase dissolution of the system for FCL [expansion unknown] freight beginning in April of this year. This procedure began with a request from the shipping companies for a review of the system, and the solution is being coordinated among the shipping company, the weight and measures commission, and the harbor labor unions.

Third, harbor labor and management agreed to restart Sunday work in major ports initially for a one-year basis which began in June 1995. The extension of this agreement will be worked out between labor and management in the future.

These points were explained to the United States at the maritime consultation between Japan and the United States which took place this January, and Japan believes that it has gained the understanding of the United States.

(13) Direct Broadcast Satellite Services

As announced in the Deregulation Action Program, Japan relaxed some of the regulations on the concentration of mass media ownership on 28 February 1996 in order to encourage the introduction of multi-channel digital satellite broadcasting. Furthermore, during 1996, model contract clauses will be written and made public. Furthermore, the introduction of standardized tariffs and fees for a prior-notification system for pay-TV services will be planned, after necessary legal revisions are studied.

Other Comments

Finally, the Government of Japan would like to state that the NTE contains other misunderstandings of fact not specifically identified above.

While the Government of Japan recognizes that, because of the time frame involved, it may have been difficult to address issues raised in the Revised Deregulation Action Program announced by the Government on 29 March 1996, the Government of Japan finds it highly regrettable that the NTE gives no consideration whatsoever to the contents of the Revised Deregulation Action Program.

In addition, though expressions such as "agreements", "accords" and the like as well as "arrangements" reached between the two countries are found throughout the NTE, it must be noticed that, apart from some areas, most of the documents are not legally-binding to the two countries from a legal viewpoint. They rather express unilateral policy purposes of both parties. The Government of Japan, whenever necessary, explained to the U.S. such interpretation of the documents during respective consultations and obtained the understanding of the U.S. side. The Government of Japan would like to reiterate this position.

North Korea

DPRK: ROK-U.S.-Japan Talks in Cheju Viewed

SK2405031796 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 23 May 96

[FBIS Translated Text] The press and publications of different countries have reported in connection with the recent confab on Cheju Island between the United States, Japan, and the South Korean puppets to discuss the four-way talks issue, that no agreement in views was reached at the confab and that the United States and Japan did not pay attention to South Korea's demands.

Japan's KYODO News Agency reported that Japan and the United States were reluctant to pay attention to South Korea's demand that progress in North-South dialogue should become a precondition for improving Japan-North Korea relations and U.S.-North Korea relations.

NHK Television Broadcast reported that differences in views emerged in the talks between South Korea, Japan, and the United States.

In an article entitled, "Japan, the United States, and South Korea Seek Different Objectives With Regard to North Korea," Japan's ASAHI SHIMBUN reported: Differences in the position of Japan, the United States, and South Korea toward negotiations for normalizing Japan-DPRK relations and toward improving U.S.-DPRK relations have not been removed. Regarding the negotiations for normalizing Japan-DPRK relations, a source of the Japanese delegation explained its position that Japan has pushed ahead with the negotiations in order to liquidate its past and to achieve security on the Korean peninsula, and that the negotiations have nothing to do with the four-way talks.

Also in regard to ways for pushing ahead with the four-way talks, this Japanese newspaper reported that it is a reality that there are many different views among them.

The KYODO New Agency reported that in the confab held on Cheju Island, different positions emerged among Japan, the United States, and South Korea, and that the Japanese delegates did not show positive support in linking Japan's plan to normalize diplomatic relations with North Korea to progress in North-South dialogue.

The U.S. newspaper HERALD TRIBUNE reported: Japanese officials mentioned that they can seek more independent dialogue with North Korea.

The Russian newspaper (Konmelu Santo) reported that Russia views the proposal for four-way talks as an attempt to exclude Russia.

DPRK: NODONG SINMUN Views U.S.-Japan-ROK 4-Way Talks Meeting

SK2405105896 Pyongyang KCNA in English
1002 GMT 24 May 96

["NODONG SINMUN on S. Korean Puppets' Imprudent Act" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — The South Korean puppets behaved imprudently at the "high-ranking policy consultation" of the United States, Japan and South Korea held in Cheju Island recently.

Commenting on the fact, NODONG SINMUN today says:

The South Korean puppets are colonial stooges without political independence. So, they have no quality and justification to poke their nose into the dialogue concerning the issue of ensuring peace in the Korean Peninsula. However, they, ridiculously enough, behaved imprudently at the "consultation" as if they have the final say in the issue of the proposed "four-way talks."

They have linked with the "talks" international humanitarian assistance to the North of the same nation, which has been suffering temporarily from flood damage, giving rise to misgivings about the purpose of the "talks".

The United States and South Korea have been said to agree at the "consultation" to hold a "joint briefing."

As already reported, when the U.S. President proposed the "four-way talks" to "start the peace process in the Korean Peninsula," we, in order to get a knowledge of the purpose of the "talks" and clearly know whether the proposal is motivated by another purpose and it be feasible, asked the U.S. to give detailed information about the proposal.

The South Korean puppets, however, have talked about a "joint briefing" as if we asked for an explanation from them.

As the South Korean rulers have no ideas, sovereignty and right, we have nothing to hear from them.

We urge them again to refrain from obstructing the peace of the country, minding their p's and q's.

DPRK: NODONG SINMUN Calls For New DPRK-U.S. 'Peace Mechanism'

SK2405085296 Pyongyang KCNA in English
0820 GMT 24 May 96

["Peace Mechanism Should Be Established" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — NODONG SINMUN today carries a signed article headlined "Peace Mechanism Should Be Established."

If the peace problem is to be settled on the Korean Peninsula, a peace mechanism should be provided, the daily says, and continues:

The DPRK, and the United States representing the "UN Forces", which are facing each other with the Military Demarcation Line in between, are in a hostile state. The danger of an outbreak of war at any moment is latent on the Korean Peninsula, but there is no mechanism for security to prevent the war.

As for the Armistice Agreement, it has already become a sheet of paper which cannot make any contributions to guaranteeing peace on the Korean Peninsula. Even the armistice supervision organ is in a state of destruction. War manoeuvres against the DPRK are being staged behind the curtain of the Armistice Agreement and the DPRK's reasonable and just proposal for establishing a new peace mechanism being ignored on the pretext of the agreement.

The bellicose U.S. military forces and the South Korean puppets are these days getting hell-bent on war adventures against the DPRK, clamouring about "threat of the North" and "possible provocations". A hair-raising dangerous situation has been created on the Korean Peninsula owing to the war manoeuvres of the bellicose U.S. military forces and South Korean puppets at a time when the Demilitarized Zone south of the Military Demarcation Line has been converted into a starting position of attacking the North.

The DPRK's proposal for concluding a tentative agreement with the United States comes out from such a realistic requirement.

We call for ensuring a complete, package and durable peace on the Korean Peninsula, and to this end, consider that a peace agreement should be signed between the DPRK and the United States. The tentative agreement will replace a peace agreement till it is signed.

The DPRK and the United States are the signatories to the Armistice Agreement, and the United States has the real power of the security in South Korea. Accordingly, if a peace mechanism is established between the DPRK and the United States, other matters will be settled with ease.

The United States should accede to the DPRK's proposal for the conclusion of a tentative agreement as early as possible.

If it hesitates a little in handling this matter, reading other's face or thinking of other's stand, this will become a big mistake. And if a third party meddles in it, this will make the matter complicated and result in delaying or obstructing its solution.

The South Korean rulers should not put their nose into the establishment of a peace mechanism between the DPRK and the United States but refrain from hindering it.

DPRK: Kwangju, South Cholla Students Demonstrate Against U.S.

SK2305130496 Pyongyang KCNA in English
0836 GMT 23 May 96

[FBIS Transcribed Text] Pyongyang, May 23 (KCNA) — Students of the Kwangju and South Cholla Provincial Federation of University Student Councils in South Korea reportedly demonstrated in Kwangju on May 22.

Some 100 students thronged to the "American Centre" in the city and shouted slogans demanding that the U.S. be held responsible for its behind-the-scene manipulation of the Kwangju massacre in May 1980 and make an open apology for it.

More than 500 students of the organisation went to the "New Korea Party" building and held a one-hour long rally, denouncing the Kim Yong-sam group for defending those responsible for the Kwangju massacre and calling for the punishment of all those responsible for it.

Earlier, about 2,000 students in Kwangju held a rally before going over to an anti-American demonstration demanding that the U.S. make an open apology for its behind-the-scene manipulation of the Kwangju massacre.

DPRK: Radio Reports Signing of Consular Protocol With KEDO

SK2305125596 Pyongyang Korean Central Broadcasting Network in Korean
1214 GMT 23 May 96

[FBIS Translated Text] From 8 April to 22 May in New York, experts' delegations of the DPRK and the Korean Peninsula Energy Development Organization [KEDO] held negotiations on signing a consular protocol.

At the negotiations the sides discussed and agreed on the legal status of KEDO and matters concerning consular protection of the personnel engaged in construction of the light-water reactors, matters that need to be taken care of in order to implement the agreement signed in December 1995 under the DPRK-U.S. agreed framework, in accordance with the agreement on the provision of light-water reactors, relevant international law and usage, and the specific conditions for accomplishing the light-water reactor project concerning the provision of light-water reactors to the North.

Accordingly, the work of fulfilling the agreement on the provision of light-water reactors has entered the implementation stage.

DPRK: U.S. 'Workers' Party Head Urges Normalization of Ties

SK2405134796 Pyongyang KCNA in English
0757 GMT 24 May 96

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — Sam Marcy, chairman of the Workers World Party of the United States, visited the permanent mission of the Democratic People's Republic of Korea to the United Nations on May 18.

On the occasion he hoped for an early normalisation of the U.S.-DPRK relations.

He was deeply moved to see the Workers' Party of Korea under the wise guidance of Comrade Kim Chong-il making a triumphant advance along the road of socialism without wavering under the complex situation and difficulties caused by the manoeuvrings of the enemies, he said, adding that he would, in the future, too, extend full support to the struggle of the WPK.

He shouted the slogans "Long live Comrade Kim Chong-il!" and "Long live the Workers' Party of Korea!" and sincerely wished the Great Leader Comrade Kim Chong-il good health and a long life.

DPRK: ROK Opposition Condemns NKP Tactics in Gaining Majority

SK2305125896 Pyongyang KCNA in English 0828 GMT 23 May 96

[FBIS Transcribed Text] Pyongyang, May 23 (KCNA) — South Korea's opposition parties criticised the "New Korea Party" on May 20 for having secured a majority in the "National Assembly" by drafting opposition members and independents by illicit means, a Seoul-based radio reported.

The opposition parties held a working meeting of the joint measure committee to defend the public opinion expressed in the April 11 "general election" at the "National Assembly" and decided to hold a rally in protest against the arbitrariness of the "New Korea Party" and to hang streamers and use loudspeaker vans to expose the unjust practice of the "New Korea Party" prior to the rally.

The "National Congress for New Politics" in a statement accused the "New Korea Party" of creating confusion by breaking the situation of minority government defined by the people and vowed to launch an all-people movement against the despicable practice of the "New Korea Party."

The spokesman of the "United Liberal Democrats" in a comment said that the "New Korea Party" could secure a "parliamentary" majority after operations to destroy the opposition parties through coercive means. This is a downright monopoly show and high-handed practice, he said, warning that the ruling party should bear full responsibility for possible political crisis.

The spokesman of the Democratic Party in a comment said that the practice of the "New Korea Party" violated the will of the people and meant to pursue politics based on arrogance and monopoly show.

DPRK: ROK Call for Small Enterprise Development Termed 'Trick'

SK2405041696 Pyongyang KCNA in English 0331 GMT 24 May 96

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — The traitor Kim Yong-sam held "a meeting of ministers concerned with minor businesses" at the "Chongwadae" on May 21 and prattled that "a change should be brought to the development of minor enterprises" this year, according to a radio report from Seoul.

More than 14,000 minor businesses went bankrupt in South Korea last year. Most of the South Koreans lament that "there is no room for minor enterprises in this land" because of serious financial difficulties.

Minor enterprises are suffering from serious financial and marketing difficulties consequent upon the traitor's economic policy favourable only to comprador businesses. His call for the "development of minor enterprises" is a trick designed to conceal his crimes and win public confidence.

DPRK: KCNA on ROK Giving 1-Year Sentence to Pomminnyon Members

SK2405050096 Pyongyang KCNA in English 0334 GMT 24 May 96

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — The Kim Yong-sam fascist clique sentenced Chairman Kang Hui-nam and 8 members of the South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) to a prison term of one year respectively, claiming that "they were proved guilty of benefiting the enemy," on May 22, a Seoul-based radio said.

The members of the Pomminnyon South side headquarters took the lead in the reunification movement, calling for the pullout of the U.S. troops, the abolition of the "National Security Law" and the reunification by confederacy formula.

DPRK: ROK Prosecution Accused of Biased Political Investigations

SK2405134896 Pyongyang KCNA in English 0755 GMT 24 May 96

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — A spokesman for the opposition "National Congress for New Politics" criticised the prosecution for its biased investigation, a Seoul-based radio said.

He said that while making no investigation into a grave crime of Kim Sok-won of the "New Korea Party" in managing No Tae-u's slush fund amounting to 20 billion won as an accomplice in the slush fund of Chon Tu-hwan and No Tae-u and in squandering 6,100 million won in the "general elections" in April, the prosecution whisked away the chief of the Tongjak District Office of the "NCNP", clearly showing the prosecution's biased investigation.

He demanded that the prosecution be no longer a political prosecution, but immediately summon and investigate into the crime of Kim Sok-won.

DPRK: Daily Says ROK Unqualified To Participate in Peace Talks

SK2405114296 Pyongyang Korean Central Broadcasting Network in Korean 0854 GMT 24 May 96

[NODONG SINMUN 24 May commentary: "Impudent Act Against Common Sense"]

[FBIS Translated Text] The United States, Japan, and South Korea reportedly held assistant minister-level, high-ranking policy consultations on 13-14 May on Cheju Island and discussed measures for implementing the proposal for the so-called four-party talks and ways to promote cooperation in dealing with the North.

At the consultations, the South Korean puppets insisted that the economic sanctions against us not be eased, stating that the United States and Japan must not unilaterally seek to improve relations with the North and that North-South dialogue must precede improvement of DPRK-U.S. and DPRK-Japan relations.

Foreign news reports noted that the United States and Japan ignored this earnest request by the puppets and that the Cheju Island consultations failed to map out joint strategies toward North Korea and that the United States, Japan, and South Korea were dreaming different dreams over the North Korean issue.

What the South Korean puppets did at the so-called Cheju Island consultations is truly lamentable. Those people — who have no qualifications or justification for participating in dialogue on ensuring peace on the Korean Peninsula because they have no political independence or real power — preposterously uttered gibberish as if they had a right to decide on the four-party talks. They even made the disgusting remarks that they could provide something to us only when we accepted the four-party talks. This is truly ridiculous and preposterous.

The puppets linked international humanitarian assistance for their fellow countrymen, who had been suffering temporary difficulties due to the flood damages, to the proposal for four-way talks. This has made us harbor more serious doubts about the purport and purpose of the proposal.

Moreover, the South Korean authorities stated that North-South dialogue must precede the improvement of DPRK-U.S. and DPRK-Japan relations. And, while prowling about various places of the world, they begged to help hold the four-party talks.

They begged other countries to help hold North-South dialogue or talks, instead of trying to do so from an independent stand. This is only an object of ridicule in the world.

More problematic is the fact that the Cheju Island consultations reportedly agreed that the United States and South Korea would hold a joint meeting to explain the proposal for four-party talks. We cannot but say that this time again they plan to stick their noses where they do not belong, even though they do not know, in the first place, what they should do or should not do.

As is known, as the U.S. President had proposed four-party talks to initiate a peace process on the Korean Peninsula, in order to clearly know the purport and purpose of the proposal and see whether there is any hidden motive and whether the proposal is feasible, we asked the United States to concretely explain the proposal.

However, the South Korean puppets presumptuously insisted on a joint explanation, as if we intended to listen to their opinion. We say this is an impudent act against common sense.

The South Korean rulers are fellows who have no independent opinion, independence, right, or capability, and, therefore, we have nothing to hear from or ask of them. We again warn the South Korean authorities to immediately stop committing such uncourteous acts as sticking their noses everywhere recklessly and hindering the work of ensuring peace in the country. The South Korean rulers had better shut their mouths and keep quiet, instead of making unreasonable remarks about the U.S.-proposed four-party talks.

DPRK: PRC's Li Peng Receives Hong Song-nam, Delegation

SK2305134596 Pyongyang Korean Central Broadcasting Network in Korean 1200 GMT 23 May 96

[FBIS Translated Text] PRC Premier Comrade Li Peng received a DPRK Government delegation led by Vice Premier Hong Song-nam at the Great Hall of the People in Beijing on 22 May.

At the meeting, the DPRK vice premier delivered greetings from the Great Leader [yongdoja] Comrade Kim Chong-il to President Jiang Zemin and Premier Li Peng. After expressing deep gratitude, Premier Li Peng asked the vice premier to convey President Jiang Zemin's greetings as well as his own to the Great Leader [yongdoja] Comrade Kim Chong-il.

Premier Li Peng said it is the PRC's invariable policy to protect peace and security on the Korean Peninsula and consolidate and develop friendly and cooperative relations between the PRC and the DPRK. Saying that the PRC party and government treasure the traditional friendship between the two countries, he stressed the friendly relations were established in blood. He expressed his firm belief that the DPRK people will achieve a great result in socialist construction under the leadership of the respected Comrade Kim Chong-il.

Their conversation was held in a warm and friendly atmosphere.

DPRK: Radio Reports DPRK-PRC Talks in Beijing 22 May

SK2305145496 Pyongyang Korean Central Broadcasting Network in Korean 1300 GMT 23 May 96

[FBIS Translated Text] Delegations of the DPRK and PRC Governments held talks at the Great Hall of the People in Beijing on 22 May. Present at the meeting were Vice Premier Hong Song-nam; Yi Song-tae, chairman of the External Economic Affairs Commission; members of the delegation; and Chu Chang-chun, DPRK ambassador to the PRC from our side; and PRC Vice Premier Li Langqing; Li Guohua, vice minister of the PRC's Ministry of Foreign Trade and Economic Cooperation; Qiao Zonghuai, PRC ambassador to the DPRK; and other functionaries from sectors concerned of the PRC side.

At the meeting Vice Premier Li Langqing said: The PRC-DPRK friendship was established in blood while the peoples of the two countries fought together during a long struggle, and it is an invincible friendship with deep historic roots. Our party and government always treasure PRC-DPRK friendship and are making great efforts to consolidate and develop the friendship.

Even after the death of Comrade President Kim Il-song, we have continued to make every effort to strengthen PRC-DPRK friendship. This shows that it is our party and government's steadfast position to constantly consolidate and develop PRC-DPRK friendship. The PRC party and government will continue to make efforts to develop friendly relations between the two countries and for peace and security on the Korean Peninsula, as well as the independent and peaceful reunification of Korea, no matter how international relations change. Friendly relations between the PRC and the DPRK are developing favorably amid the concern of the leaders [yongdojadul] of the two countries, and the friendship will be maintained generation after generation.

The sudden and regretful death of President Kim Il-song was a great loss not only for the DPRK people, but for the PRC people because they lost their old friend. Today, the DPRK people are continuously achieving victories by vigorously struggling to implement President Kim Il-song's behest, converting their sorrow to strength under the leadership of Comrade Kim Chong-il and the Workers Party of Korea [WPK]. We are truly happy with the results achieved by the DPRK people in the revolution and construction, and wish the DPRK people new results in their struggle for peace and security on the Korean Peninsula and for independent and peaceful reunification of the country.

The PRC and the DPRK are friendly countries with a river in between, and economic cooperation between the two countries has a long history. As they are geographically close and have convenient roadways between them, the two countries have good prospects for further strengthening their economic cooperation. We will develop mutual trade and economic relations as much as we can.

In their relations, our two countries share their fates, joys, and sorrows. We firmly believe that the DPRK people will achieve greater success under the leadership of Comrade Kim Chong-il and the WPK, without fail.

DPRK: More on Li Peng-DPRK Vice Premier Meeting in Beijing

SK2405002296 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 23 May 96

[FBIS Translated Text] PRC Premier Comrade Li Peng received a DPRK Government delegation led by Vice Premier Hong Song-nam at the Great Hall of the People in Beijing on 22 May.

At the meeting, the DPRK vice premier delivered greetings from the Great Leader [yongdoja] Comrade Kim Chong-il to President Jiang

Zemin and Premier Li Peng. After expressing deep gratitude, Premier Li Peng asked the vice premier to convey President Jiang Zemin's greetings as well as his own to the Great Leader [yongdoja] Comrade Kim Chong-il.

Premier Li Peng said it is the PRC's invariable policy to protect peace and security on the Korean Peninsula and consolidate and develop friendly and cooperative relations between the PRC and the DPRK. Saying that the PRC party and government treasure the traditional friendship between the two countries, he stressed the friendly relations were established in blood. He expressed his firm belief that the DPRK people will achieve a great result in socialist construction under the leadership of the respected Comrade Kim Chong-il.

Their conversation was held in a warm and friendly atmosphere.

He Chunlin, deputy secretary of the Secretary General of the PRC State Council; Vice Foreign Minister Tang Jiaxuan; Li Guohua, vice minister of Foreign Trade and Economic Cooperation; and Chu Chang- chun, DPRK ambassador to the PRC, were on hand.

DPRK, PRC Sign Agreement on Economic Cooperation in Beijing

SK2405034496 Pyongyang KCNA in English 0333 GMT 24 May 96

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — An agreement on economic and technological cooperation between the Democratic People's Republic of Korea and the People's Republic of China was signed in Beijing on May 22.

Present at the signing ceremony were members of a DPRK Government delegation led by Vice-premier Hong Song-nam and Korean Ambassador to China Chu Chang-chun on the Korean side, and, on the Chinese side, Vice-premier Li Lanqing, Vice-minister of Foreign Trade and Economic Cooperation Li Guohua, Chinese Ambassador to Korea Qiao Zonghuai and others.

The vice-premiers of the two countries signed the agreement.

DPRK: KCNA on Hong Song-nam Meeting With PRC Premier Li Peng

SK2405035896 Pyongyang KCNA in English 0336 GMT 24 May 96

[FBIS Transcribed Text] Pyongyang, may 24 (KCNA) — Premier Li Peng of the State Council of the People's Republic of China, when he met with a DPRK Government delegation led by Vice-Premier Hong Song-nam on May 22, said that it is China's invariable policy to defend peace and stability on the Korean peninsula and consolidate and develop Sino-Korean relations of friendship and cooperation.

The party and government of China set store by the traditional relations of friendship between the two countries, he said, adding that the friendly relations have been sealed in blood.

He expressed the conviction that the Korean people under the leadership of the respected Comrade Kim Chong-il would achieve great success in socialist construction.

DPRK: ROK Minister's Comments in Japan on Security Denounced

SK2305125296 Pyongyang KCNA in English 0824 GMT 23 May 96

["MINJU CHOSON on S. Korean Puppets' 'Security' Ballad" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 23 (KCNA) — The South Korean puppet defense minister recently toured Japan and other countries, crying for "security." No matter how loudly the Kim Yong-sam group may cry for "security", can they never veil their bellicose nature.

MINJU CHOSON today says this in a commentary.

The puppets' "security" ballad is aimed at covering up their anti-North war moves, the daily says, and goes on:

While calling for "security," they intend to fool the world people and slay the fellow countrymen with the backing of outsiders.

So, nobody should be deceived by the puppets or chime in with their call. If one joins them, one would be accused of inciting a war in the Korean Peninsula voluntarily or involuntarily and would have to pay dearly for it.

DPRK: Daily Says Japan Wants To Become 'Military Power'

SK2405090296 Pyongyang KCNA in English 0826 GMT 24 May 96

["NODONG SINMUN on Dangerous 'Guideline on Japan-U.S. Defense Cooperation'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, May 24 (KCNA) — NODONG SINMUN today says Japanese reactionaries' examination of a "Guideline for Japan-U.S. Defense Cooperation" is, in all aspects, an examination of its military strategies for converting Japan into a military power, launching overseas expansion and reinvading the Korean Peninsula.

In a commentary titled "What Is Examination of 'Guideline for Defense Cooperation' for?" the daily says it is prompted by the Japanese reactionaries' design for overseas expansion.

The daily says:

First of all, they are going to change the views on the exercise of "right of collective defense".

Since it lost the reason to talk about "armed attack on Japan" after the end of the cold war, Japan has raised a hue and cry over "threat to Japan's peace and security." Under this pretext, it is trying to "cope with diversified contingencies" in its vicinity in the scope of the exercise of "right of individual defense" and, through it, justify its exercise of "right of collective defense."

Through the examination of the "guideline" Japan also wants to further expand the scope of "support" for the U.S. forces.

The Japanese reactionaries are claiming that the examination of the "guideline" is needed for "rescuing Japanese refugees." But their allegation is only aimed at covering up their moves for overseas expansion.

When connecting the examination of the "guideline" with the "unstable situation of the Korean Peninsula," they mean they will regard the reinvasion of Korea as an immediate task and invent a pretext for a full-dressed comeback to Korea.

They have always considered Korea to be the first target in the implementation of the "guideline".

It is well illustrated by the fact that they, at the "Japan-U.S. defense subcommittee meeting" held in 1978, promised to take part in attack operations if a war breaks out in Korea, launched a "study of emergency in Far East" to decide on its share in the operations and, on its basis, formed a "group for studying an emergency in Far East" and worked out an all-round operation plan.

The Japanese reactionaries' definition of Korea as an "unstable factor" is an illogical argument and a crafty trick to justify their military tieup with the U.S. and their anti-DPRK campaign.

DPRK: Yemeni Envoy Gives Reception To Mark Foundation of Yemen

SK2305044596 Pyongyang KCNA in English
0329 GMT 23 May 96

[FBIS Transcribed Text] Pyongyang, May 23 (KCNA) — Mohamed 'Ali Ahmed al-Khamry, charge d'affaires ad interim of the Yemeni Embassy in Pyongyang, gave a reception at the embassy on May 22 to commemorate the 6th anniversary of the foundation of the Republic of Yemen.

Present on invitation were Yi Chong-chu, minister of general education and chairman of the Korea-Yemen Friendship Association, Kim Chang-yong, vice-minister of foreign affairs, Yi Song-ho, vice-chairman of the Committee for Cultural Relations with Foreign Countries, and officials concerned.

Speeches were exchanged.

DPRK: Production, Use of 'Substitute Fuel' Reported

SK2405132596

[FBIS Report] Under the title "Substitute Fuel Proves Its Worth," Pyongyang MINJU CHOSON in Korean on page 3 of its 10 May edition carries two articles on the use of substitute fuel in coal mines.

In a 400-word article on the Hungnyong Coal Mine by reporter Han Myong-hwan, it is stated that "Hungnyong Coal Mine under the Kangdong District Coal Mine Complex is producing and using substitute oil by actively exploring reserves and effectively utilitizing them."

The article notes that members of a workteam of this coal mine are producing substitute oil in a snug building located at the edge of a mountain in the coal mine and that the substitute oil produced in this coal mine is used in the production machinery, small and large, including rock drills and coal cars, in the coal mine.

The article states that various kinds of substitute oil produced in this coal mine are also used in painting various kinds of household ironware products and wooden products produced in the daily necessities workshop in the coal mine.

The article concludes by saying that "It is a cause for pride that a relatively large enterprise like Hungnyong Coal Mine could produce oil which is used in production machinery with less effort, materials, and raw materials" and that this success shows that "when functionaries use their brains and make efforts earnestly and persistently they can explore many more reserves and effectively utilize them."

In a 300-word article on the 13 June Coal Mine by reporter Chong Pong-kil, it is stated that the 13 June Coal Mine is smoothly ensuring transport by utilizing substitute fuel while conserving oil and that "during the recent two to three years the 13 June coal mine has conserved more than 120 tonnes of fuel oil by using substitute oil in some 10 trucks."

Noting that the 13 June Coal Mine began introducing substitute oil three years ago, the article introduces those functionaries in the coal mine who helped educate truck drivers on utilizing substitute oil. The article also notes the remodeling of truck engines to suit the use of substitute oil in the coal mine.

The article states that the coal mine "has organized a technological renovation team and is actively pushing ahead with research activity of enhancing the productivity of substitute fuel and the remodeling of truck engines to suit the use of substitute fuel."

The article concludes by saying: In this way, the 13 June coal mine has been able to replace some 10 trucks with substitute fuel and resolve its transport problem while conserving a large quantity of oil.

South Korea

ROK: DPRK Pilot Defects During 'Solo Flight Training Mission'

SK2405004596 Seoul YONHAP in English 0031 GMT 24 May 96

[FBIS Transcribed Text] Seoul, May 24 (YONHAP) — The North Korean pilot who defected Thursday, Air Force Capt. Yi Chol-su, headed southward during a solo flight training mission and not a formation flight mission, the Defense Ministry said.

He took off from Onchon Air Force Base for a solo take-off and landing exercise, the ministry quoted Yi as saying.

A ministry official said Thursday morning that a North Korean MiG-19 fighter pilot had his plane leave its flight formation and headed southward to defect, suggesting that Yi defected while in a two- or four-plane flight formation.

It is rare for North Korea's Air Force to conduct solo flight training exercises, as it usually holds flight formation training, according to an Air Force officer.

ROK: President Kim Orders Check of Civil Air Defense System

SK2405022396 Seoul YONHAP in English 0159 GMT 24 May 96

[FBIS Transcribed Text] Seoul, May 24 (YONHAP) — President Kim Yong-sam, prompted by the failure to issue an air-raid warning siren in Seoul when a North Korean fighter-bomber piloted by a defector flew into South Korean airspace Thursday [23 May], instructed Prime Minister Yi Su-song Friday to check and improve the nation's civil air defense system to guard against recurrences of such failures.

Considering North Korea's repeated military provocations along the demilitarized zone recently, it is unimaginable that the capital's civil air defense system has any defects, he said, adding that any future failure in the civil air defense system should be dealt with strictly by law.

Kim, however, as commander-in-chief of the armed forces, commended the air force for its quick and appropriate action leading to the safe landing of the North Korean fighter in Suwon.

Meanwhile, the Seoul district prosecutor's office began Friday to look into the incident, including the interrogation of civil air defense-related officials on how they reacted to the situation.

The Seoul city government, in its own investigation, discovered that the failure was caused by the switch-off of the automatic warning system and negligence by the system's operators. As a result, the city is taking disciplinary action against six officials allegedly responsible for the failure, including Deputy Mayor Kim Ui-chae.

ROK: Details on Failure of Air Alert System in Seoul

SK2405034096 Seoul THE KOREA TIMES in English 24 May 96 p 3

[By staff reporter Sin Hak-nim]

[FBIS Transcribed Text] No air raid sirens were heard in metropolitan Seoul when a North Korean MiG-19 fighter defected to the South yesterday morning.

The failure of the airborne alert system in Seoul, which is within a several minute flight by jet fighters from the Demilitarized Zone was more shocking news to Seoul citizens, adding to the stress created by the first defection by a combat aircraft in 13 years.

According to the Home Ministry, staff at its air alert control center in Osan, Kyonggi-to pushed the button to alert the whole nation by siren at 10:56 a.m., right after receiving information from the Theater Airborne Control Center (TACC) under the control of U.S. Forces Korea (USFK).

As a result, sirens were heard in Inchon, some 24 miles (40 kilometers) west of Seoul, and in the Kyonggi-to area, but not in Seoul.

The Home Ministry and Seoul City are investigating the failure of the alert system and are ready to take stern punitive action against those responsible for it.

The central civil defense warning center under the control of the Home Ministry is linked to 15 stations operated by six metropolitan cities and nine provinces so that the whole nation is alerted by sirens "at the same time."

Initial reports from an alert control center in Seoul showed that a switch linking its alert system to the central warning center in Osan had been turned off for unknown reasons, a ranking Home Ministry official said.

The alert was withdrawn by the Home Ministry's central warning control center at 11:08 a.m. one minute before the North Korean jet landed at the Suwon airbase under escort by a South Korean F-16 jet fighters, according to the ministry.

However, officials from the warning control center operated by the Seoul City government said that they received an air alert warning on their computer screens at 10:59:39 a.m. and the alert was lifted at 11:00:48.

One of the two officials acknowledged that they had realized the air alert had been posted only after seeing the printout from the computer linked to the central control center in Osan at 11:01 a.m.

"When we saw the posting of the alert on the computer printout, the alert had already been lifted," one of the two officials told The Korea Times over the telephone.

Some 11 million Seoul citizens are involved in air raid practices once every month in preparation for possible air attacks from North Korea. Alert sirens are turned on for three minutes and are of a constant pitch. Attack warning signals are of wavering pitch.

In the meantime, Seoul Mayor Cho Sun formally apologized to the citizens for the defect in the anti-air siren system.

"I really am sorry as the mayor that the airborne alert system did not function," he said in a hurriedly arranged press conference.

"We will take every measure available to prevent this kind of situation from recurring," he said.

He also said that an intensive investigation was being carried out to find out what caused the incident and who was responsible.

It was the first time for Mayor Cho, who was elected in a popular vote on June 27 last year, made such an open apology to the citizens with regard to his official duty.

ROK Willing To Hold Talks With DPRK Over Return of MiG-19

SK2405115896 Seoul YONHAP in English
1140 GMT 24 May 96

[FBIS Transcribed Text] Seoul, May 24 (YONHAP) — The government is prepared to study conducting negotiations with North Korea over the return of the craft of the MiG-19 fighter that was flown to the South Thursday by a North Korean defector pilot, if the return is requested by Pyongyang.

A relevant government official said Friday, "There is no reason why we should not respond if the North asks for the aircraft's return."

Should return negotiations take place, the official added, they would be conducted in line with those involving Seoul's return to China of a Chinese civil aircraft in the 1980s and international precedents.

Recalling that Pyongyang made no formal reaction to Capt. Yi Ung- pyong's defection to the South flying a MiG fighter in 1983, however, the official saw little chance for the North to make any formal response to the latest MiG-19 incident.

A senior national security official said, meanwhile, that no consideration has been given to returning the MiG-19 craft to the North, and that he does not expect the North to ask for it either.

If and when Pyongyang requests the return of the aircraft, the official added, the issue of return negotiations will be reviewed in light of situation prevailing at that time.

ROK: DPRK Defectors Said Escaping Hunger as Well as Communism

SK2405092296 Seoul YONHAP in English
0826 GMT 24 May 96

[FBIS Transcribed Text] Moscow, May 24 (YONHAP) — A string of North Korean defectors to the South including the MiG-19 fighter pilot have escaped from hunger as well as from communism, Russia's KOMMERSANT-DAILY commented Friday.

With the commitment gone that "the entire people will eat cooked rice and wear silk clothes," North Korean residents are starving while even a daily allocation of 200 grams of food is not distributed without hitch, the daily said.

Such food shortage is related to the tension on the Korean Peninsula, the paper asserted, adding that North Korea will continue to trouble its neighbors in the future because of the food problem.

ROK: Ex-U.S. Envoy Cited on Why North-South Ties Have Worsened

SK2305133696 Seoul YONHAP in English
1010 GMT 23 May 96

[FBIS Transcribed Text] Seoul, May 23 (YONHAP) — The reinstitution of Team Spirit in 1992 was one of the four factors that caused the promising improvement in inter-Korean dialogue that began in 1991, into a downward spin, former U.S. Ambassador to South Korea Donald Gregg said Thursday.

He said he was not consulted on whether to resume the joint military exercise, and had he been, he would have objected to it, as North Korea is extremely apprehensive of the manuever.

Gregg, now with the Korea Society in the United States, was speaking at the conference, "Korean Unification Strategies for the 21st Century," sponsored jointly by Kyongnam University and the American University at the Seoul Hilton Hotel.

Another factor was that the leadership in both South Korea and the United States changed, with George Bush, who commanded high respect among South Korean Government circles, losing in his bid for reelection in the same year, he said.

With new presidents at the helm of both countries, North Korea, being a "very good poker player," broke off talks thinking it could get a better deal, the former diplomat opined.

After Kim Il-song died, the Clinton administration issued condolences using considerate and laudatory language that Seoul did not use in its message over Kim's death, adding to the confusion, Gregg said, saying that there was a big gap in the tone of the two messages.

And finally, there was the death of Kim Il-song himself, with his last days being spent preparing to meet his South Korean counterpart, Kim Yong-sam, who was "astute" in meeting the North Korean leader, he opined.

Gregg pointed out a hardened, "150 degree change in the South's attitude toward the North over the last three years," calling for such a feeling to be addressed.

On Korean reunification, he said, "Don't be too frightened by German reunification costs," explaining that in the German case, East German workers were paid 60 percent of their West German counterparts' wages but were only 20 percent as productive.

If such a problem can be avoided and wages are negotiated properly, Korean reunification does not have to cost as much as Germany's did, he claimed.

"I am bullish on the long-term prospect of reunification and the four-way talks," Gregg said.

ROK: 1,000 Students Demonstrate at U.S. Airbase in Kunsan

SK2405112696 Seoul YONHAP in English 1042 GMT 24 May 96

[FBIS Transcribed Text] Kunsan, North Cholla Province, May 24 (YONHAP) — Over 1,000 radical students demonstrated in front of the Kunsan U.S. Air Force base Friday afternoon, demanding that the air force base be reverted to South Korea.

The students, affiliated with the Korean Federation of University Student Councils, staged a rally at Mijang-tong here at around 1 pm Friday, and marched about 1 kilometer to the crossroad in front of Kumgwang elementary school, from where they reached the U.S. Air Force base at around 3 pm aboard more than 20 chartered buses.

"It has been disclosed in detail that the United States supported the military elite of the 5th and 6th republics who suppressed by force the May 18 Kwangju masses' uprising," the demonstrators claimed, demanding that "the United States, assuming responsibility for that, withdraw all troops from South Korea."

The student demonstrators voluntarily dispersed at around 5:20 pm after handing a letter to the air base's judge advocate, which demanded, among others, that "the U.S. Forces Korea return its bases immediately," and that "the United States, the force behind the bloody suppression of the Kwangju uprising, make an open apology."

Eight hundred-odd riot policemen were deployed to control the demonstrations, and more than 10 of them were injured in skirmishes with the demonstrators.

ROK: 'Acute' PRC-DPRK Dispute Over 4-Way Talks Reported

SK2405095896 Seoul CHUNGANG ILBO in Korean 24 May 96 p 96

[Report by reporter Mun Il-hyon from Beijing]

[FBIS Translated Text] It has been learned that China and North Korea were in acute confrontation with each other recently with regard to whether China will participate in the four-way talks to discuss Korean Peninsula issues, and that the confrontation was severe enough that North Korea had to apologize to China.

The visit to China on 21 May by Hong Song-nam, vice premier in charge of North Korean economic affairs, to attend economic and trade talks was virtually a visit of apology.

According to a diplomatic source in Beijing, it was just before the presidents of the ROK and the United States proposed the four- way talks in their summit talks that North Korea began getting on China's nerves.

At that time, in a meeting with foreign reporters, including U.S. and Japanese reporters, Choe Han-chun, a counselor in charge of political affairs at the North Korean Embassy in Beijing, stated that "China's participation is not necessary for a solution to the question of the Korean Peninsula." Thus, he raised the "idea that China has no role to play."

China, which had been informed in advance by the ROK and the United States of the four-way talks proposal, was reportedly very much embarrassed by Counselor Choe Han-chun's imprudent remarks, because it believed that a mere counselor would not dare utter such remarks without instructions from his home country.

What made China angry again was remarks by North Korean figures and attitudes apparently disregarding China, which had been heard in succession from Pyongyang, Beijing, and New York.

This notwithstanding, China reportedly advised North Korea, through diplomatic channels, to positively review the four-way talks proposal.

However, it has been learned that the Chinese leadership became extremely angry at learning that the North Korean side had denounced China, saying "do not edge into another person's affairs," and at receiving information that some high-ranking circles in Pyongyang had gone so far as to say that "The chinks [racial slur against Chinese] have colluded with South Korea for money."

A decisive reason for China's anger was the fact that the official statement released on 7 May by the spokesman of the North Korean Ministry of Foreign Affairs stated that "Though some countries have called for us to accept the four-way talks proposal, this will only make the situation more complicated." This statement was viewed as implicit criticism of China.

The Chinese Government immediately expressed deep displeasure about this and sent a strong warning message, stressing that "If [North Korea] persistently attempts to exclude China, relations between the two countries will be seriously damaged."

It has been learned that finding such a deterioration in China's attitude, North Korea immediately expressed regret, saying "Our assertion was misquoted," thus apologizing in a roundabout way.

On 22 May Vice Premier Hong Song-nam openly expressed thanks to Premier Li Peng for China's economic assistance to North Korea. This could be interpreted as a sort of apology.

ROK: Assistant Minister on Explanatory Meeting for 4-Way Talks

SK2405033396 Seoul SEOUL SINMUN in Korean 17 May 96 p 4

[Interview with Chong Tae-ik, first assistant foreign minister, by reporter Yi To-un in Seoul on 16 May]

[FBIS Translated Text] Chong Tae-ik, first assistant foreign minister, who was the senior ROK delegate to the high-level policy meeting of the ROK, the United States, and Japan held in Cheju has been continuously busy since the meeting ended on 14 May. On 15 May, he met Winston Lord, U.S. assistant secretary of state for East Asia and Pacific affairs, to discuss measures to promote the joint explanatory meeting proposed at the Cheju meeting. On 16 May, he called in Russian Ambassador Kunadze and Chinese Ambassador Zhang Tingyan to explain the result of the three-way discussion in Cheju. On 16 May, the reporter interviewed Assistant Minister Chong who had just finished conversing with Ambassador Kunadze.

[Yi To-un] What was the Russian reaction to the three-way discussion held in Cheju?

[Chong Tae-ik] Ambassador Kunadze expressed sympathy. However, he said Russia is not in a position to actively support the four-way talks excluding Russia because Russia has called for multilateral talks all along. Nevertheless, Russia fully appreciates the purpose of the four-way talks. Ambassador Kunadze thanked me for calling him to explain the meeting.

[Yi] Speculations continue that the United States will soon take measures concerning rice aid to North Korea and the lifting of economic sanctions on North Korea.

[Chong] Assistant Secretary of State Lord made it clear that although the United States continues to monitor North Korea's food situation, the U.S. Government has no plan to give rice aid, whether for political or humanitarian purposes, to promote relations with North Korea.

[Yi] What about aid through nongovernmental organizations?

[Chong] The U.S. Government cannot intervene in the aid given by nongovernmental organizations since the international organizations, such as the UN World Food Program (WFP), submitted reports on food shortages in North Korea.

[Yi] The Japanese side has not made clear its position on whether to link the four-way talks with its efforts to establish diplomatic relations with North Korea.

[Chong] No one has said that these two issues are linked. However, the Japanese position is to promote its contacts with North Korea, taking into account the progress in the materialization of the four-way talks. Japan gave North Korea as much as 500,000 tonnes of rice last year but received no positive response worth noting. Therefore, Japan thinks that rice aid brought about only confusion in its policy toward North Korea.

[Yi] Many doubt the feasibility of the joint explanatory meeting for the four-way talks.

[Chong] While demanding an explanation on the four-way talks, North Korea maintains the position that the four-way talks is a U.S. proposal. Therefore, the ROK and the United States came up with an idea of the joint explanatory meeting to convey a more definite message to North Korea. As long as North Korea does not abandon the policy of excluding South Korea, it will gain nothing.

[Yi] Did you propose the joint explanatory meeting to North Korea through an official diplomatic channel?

[Chong] We will explain to North Korea the results of the three- way high-level policy meeting through diplomatic channels, and the proposal for the explanatory meeting will be conveyed as a matter of course.

[Yi] U.S. Ambassador to the ROK James Laney has recently made a speech to the effect that the ROK ought to expand assistance to North Korea.

[Chong] As Minister Kong No-myong made clear on a number of occasions, the government welcomes the measures that will contribute to the promotion of inter-Korean dialogue. It is desirable that the United States contact North Korea to realize the four-way talks.

[Reporter's note] Assistant Minister Chong comes from Chinchon, North Chungchong Province. He graduated from Kyongbok High School and Seoul National University College of Law. Passing the second state-run examination for foreign affairs in 1969, he served in important posts in the Foreign Ministry, such as the director of the General Affairs Department, the presidential secretary for foreign affairs, and the director of Americas Division. When he was consul general in Cairo in May 1993, Assistant Minister Chong succeeded in realizing the establishment of diplomatic relations with Egypt. While serving as the first ROK ambassador to Egypt, he was promoted to assistant minister in March.

ROK: DPRK's Kim Yong-nam, PRC Allegedly Discussed '4-Way Talks'

*SK2405030996 Seoul YONHAP in English
0240 GMT 24 May 96*

[FBIS Transcribed Text] Tokyo, May 24 (YONHAP) — North Korean Foreign Minister Kim Yong-nam talked with Chinese Assistant Foreign Minister Chen Jian on the proposed four-way talks for peace on the Korean peninsula late last month, JIJI PRESS reported Thursday from Beijing.

Kim was asked by Chen why Pyongyang would not admit Seoul as negotiation partner, but Kim gave an ambiguous answer and did not elaborate on it, according to the Japanese news agency.

The meeting got them nowhere, with the Chinese side strongly dissatisfied over the result, JIJI said.

The North Korean official had stopped over in Beijing on his way home from a trip to the Middle East.

ROK: South-North Holding of Secret Beijing Talks Noted

*SK2405043096 Seoul CHUNGANG ILBO in Korean
24 May 96 p 2*

[FBIS Translated Text] Toshimishu Sigemura, editorial writer for Japan's MAINICHI SHIMBUN who is an expert on Korean peninsula affairs, on 23 May, said: It is known that currently South and North Korea are holding secret contacts in Beijing. Mr. Sigemura, who is visiting the ROK while participating in a seminar on the reunification strategy of the Korean peninsula hosted by Kyongnam University, said that if practical contacts continue to be held, South-North dialogue can be achieved. He emphasized that to achieve South-North dialogue, it is necessary for the South to guarantee that it will not intentionally cause the North's collapse.

ROK: Russia's Need To Participate in Talks on Korea Stressed

*SK2205135896 Seoul YONHAP in English
1343 GMT 22 May 96*

[FBIS Transcribed Text] Seoul, May 22 (YONHAP) — A senior Russian diplomat on Wednesday [22 May] again proposed that Russia's participation be guaranteed at a multilateral meeting for a permanent peace mechanism on the Korean peninsula, insisting that the four-party meeting put forward by Seoul and Washington cannot guarantee Russia's interest in the peninsula.

"I hope that we will soon get understanding of all parties concerned with the Korean issue about the Russia-proposed multination talks for establishment of a new peace regime on the Korean peninsula," said Deputy Director General Valeriy Denisov of the Russian Foreign Ministry's Asian Affairs Bureau.

The Russian diplomat insisted that North Korea had already agreed on Russia's proposal for a multilateral meeting when it was first proposed in 1994.

"We initially proposed the meeting to guarantee a nuclear-free Korean peninsula and the proposal is still valid," he said. "We will continue to make efforts to materialize the proposal."

Denisov, however, said that his government has yet to discuss the viability of the four-party peace talks proposed jointly by South Korea and the United States last month.

The Russian diplomat maintained that Russia can play a bigger and more constructive and active role than the four-party meeting in establishing a peace agreement on the Korean peninsula.

"That's because of Russia's geographical status and potential capabilities," he said. "We cannot be indifferent to a new peace mechanism on the Korean peninsula because we share borders with Korea."

Denisov insisted that the new peace regime should and can guarantee Russia's interest.

Denisov, recently named Russia's new ambassador to Pyongyang, was trying to reverse his remarks made earlier in the day that North Korea's late leader Kim Il-song intended to invade South Korea in 1975 just after the fall of the Vietnam into the hands of the communist Vietnamese.

"I did not mean that Kim Il-song intended to invade South Korea," he said.

The Russian also said that he just wanted to say that "Kim Il-song told the Chinese leaders, while visiting Beijing in 1975, that North Korea has nothing to lose other than the Military Demarcation Line if his country is attacked."

Earlier in the day when he was speaking to a seminar sponsored by Kyongnam University, Denisov had told that "As you remember, 1975, Kim Il-song visited China. Kim told that they were ready to begin a war. ... But the Soviet Union never supported the military revolution method of unifying the Korean peninsula."

ROK Said Not Considering Aid Without DPRK Response to Talks

SK2305002796 (Internet) The Digital Chosun Ilbo WWW in English 1203 GMT 22 May 96

[FBIS Transcribed Text] An official of the North American office of the World Food Programme said Tuesday that the U.S. will provide assistance amounting to several million dollars to North Korea sooner or later. The official who visited North Korea at the beginning of May said the food situation of North Korea is far more serious than imagined and that negotiations are under way with the State Department to send additional assistance. The official who inspected major flood areas devastated by last year's floods said that most of the people are surviving on flour porridge and grass soup. In the field and mountains, many women are picking grass to cook such soup.

Meanwhile, an official of the South Korean government said Wednesday that as long as North Korea does not respond to four-party talks, grain assistance will not be considered. He said that North Korea has enough grain to make up for the food shortage. They have secured 500,000 tons of grain in addition to 3.45 million tons produced last year and soon they will be importing 100,000 tons from Vietnam.

ROK: Officials 'Considering' Easing Block on Food Aid to North

SK2405025896 Seoul THE KOREA HERALD in English 24 May 96 p 2

[By staff reporter Kim Kyong-ho]

[FBIS Transcribed Text] South Korean officials are considering easing restrictions on food donations to North Korea by domestic private groups.

The international community's move to resume humanitarian food aid to the North this summer appears to be pushing them to readjust their hard-line stance on food shipments to the North.

South Korea, which stopped official aid to North Korea after delivering 150,000 tons of rice last year, has since prohibited private groups from sending grain and cash to the North.

South Korean officials now say they will not oppose the United States and Japan providing humanitarian food assistance for North Korea at the request of international organizations.

"We cannot block humanitarian aid by the international community citing stalled inter-Korean relations," said a senior Foreign Ministry official.

He said the World Food Program (WFP) and other international organizations are expected to appeal to the world for another round of food assistance to North Korea in June when they complete their survey of food shortages in the North.

The WFP and the Food and Agriculture Organization (FAO) said in a statement Monday that the food situation in North Korea had deteriorated in the last few months and that the shortages were likely to grow worse this summer.

A WFP official said earlier this week the U.S. administration will soon provide millions of dollars in food assistance to North Korea.

The United States donated $2 million to the WFP earlier this year for food aid to the North.

Japan, which provided 500,000 tons of rice to North Korea, also donated $500,000 in humanitarian aid.

But South Korea virtually turned a deaf ear to international organizations' appeal for aid to North Korea earlier this year, delivering a symbolic amount of relief goods to the International Society of the Red Cross.

A Foreign Ministry official said the South Korean government will review an offer from international organizations to join the second round of humanitarian food assistance to the North.

But he refused to elaborate on what its current position is on the issue, on which South Korean government agencies appear to be divided. The Foreign Ministry, for example, appears more positive than the National Unification Ministry.

The Foreign Ministry official reaffirmed Seoul, Washington and Tokyo will not provide massive food aid to North Korea before it accepts a South Korean-U.S. proposal for peace talks also involving China.

"The three countries have agreed to use massive food aid as a strategic leverage over North Korea," he said.

South Korea drew reassurances from the United States and Japan that they will not take measures to appease North Korea before it responds definitively to the proposal for four-party talks.

But South Korea's bid to press its allies to hold back from food aid to North Korea has also invited increasing repercussions.

The New York Times said in an editorial Wednesday bowing to that pressure would violate what it called an admirable American tradition of not using food as a diplomatic weapon.

The editorial urged the Clinton administration to put hunger above politics and advance its own policies of cautious courtship of North Korea.

ROK: Official on Food Aid to North Through Private Groups

SK2405102896 Seoul YONHAP in English 0916 GMT 24 May 96

[FBIS Transcribed Text] Seoul, May 24 (YONHAP) — The government is positively studying providing food assistance to North Korea through private organizations in case a request to that end is made by international agencies like the World Food Program.

"We can hardly turn our face away from a call of the world community for relieving North Korea's worsening food shortage," a senior government official said Friday. "We are positively studying a formula under which the country will participate in the international relief initiatives through private organizations like the Korean national Red Cross."

Details about the relief assistance such as how much of which grains and when to supply them will be discussed between the government and private organizations, the source said.

As to whether or not to supply rice, the reserves of which are low, public opinion will have to be taken into account, and other grains including flour could be considered, he said.

No additional government food aid can be offered to the North until preconditions are met, the official said. He cited three as prerequisite: A halt to the North's slandering of the South, elimination of military threat, and a formal request for food aid.

"This is a matter of not merely money, but of principle," he added.

ROK: Kim Chong-il Reportedly Uninterested in Leading Nation

SK2205110896 Seoul YONHAP in English 0914 GMT 22 May 96

[By D. Peter Kim]

[FBIS Transcribed Text] Seoul, May 22 (YONHAP) — Faster normalization of ties between North Korea and Japan would benefit South Korea and Japan, MANICHI SHIMBUN columnist Shigemura Toshimitsu said Wednesday.

A quicker establishment of formal Tokyo-Pyongyang ties could prevent a sudden collapse of the North, he claimed, which would be in the interests of both South Korea and Japan. He also stressed that both Seoul and Tokyo cooperate in giving aid to the poverty- stricken North.

Toshimitsu was speaking on "Reunification of the Korean Peninsula and Japanese Foreign Policy" at the conference, "Korean Unification Strategies for the 21st Century," sponsored by Kyongnam University and the American University at the Seoul Hilton Hotel.

He said that the North will probably not collapse in the immediate future, but if no changes are made in their system, it could occur within five to 10 years.

Upon the formation of diplomatic ties between Pyongyang and Tokyo, the columnist said that Japan should give 3 billion to 5 billion U.S. dollars in aid, saying that it would be his nation's last chance to establish a respectable relation with Korea.

Such aid should be unconditional and Japanese business circles should not use the opportunity to advance their interests, he added, calling for Tokyo to draw up a formal policy on Korean reunification.

North Korea continues to pursue brinkmanship in its relations with the United States, he said, but is prepared with a sort of a "guardrail" policy, as it can ill-afford to break off ties with America. He then predicted that U.S.-North Korea negotiations would be successful by year's end, and that the progress of such talks would help Japan resume normalization talks with the North.

Japan's policy towards the Korean peninsula is unclear and has no specific strategy because it is heavily affected by domestic politics, he opined.

Quite a few Japanese politicians have visited or contacted North Korean officials to win support at home without first consulting Seoul, with Pyongyang erroneously believing that such politicians could sway Tokyo's foreign policy, he said.

If and when reunification occurs, the economic power of South Korea will decline, which could result in China exercising greater influence over the peninsula, much to the concern of Japan, the columnist said.

Having visited Pyongyang last January, he learned from several sources there that Kim Chong-il is suffering from bouts of impaired speech and manic-depressive psychosis, he said, but the consensus is that the North's de facto leader "will not die in the future" [as received] and is instead relatively healthy.

Kim, however, appears uninterested in leading his nation, Toshimitsu quoted a Pyongyang official as saying, so the North's leadership is considering two choices: The first is to choose an older leader, such as Vice President Kim Yong-chu, Chong-il's uncle, and the second calls for the abolition of the presidential system.

The official also told the journalist that Kim Chong-il hopes to abolish the government's powerful Central People's Committee, as it would allow the younger generation to assume important positions in ensuring a smooth power transition from older leaders.

ROK: Kim Chong-il Substitutes Allegedly Used for Official Events

SK2305014196 Seoul YONHAP in English 0129 GMT 23 May 96

[FBIS Transcribed Text] Seoul, May 23 (YONHAP) — There are three Kim Chong-ils in North Korea, one is real and the other two are shams, and the shams substitute for the real one from time to time in official events.

A close North Korean observer here said North Korea had fabricated two bogus Kim Chong-ils in the mid-1980s when the real Kim Chong-il was being promoted as successor to his father Kim Il- song. North Korea needed the look-alikes to ensure the real one's personal safety on the one hand and to make the real one appear to the people as if he were in good shape and busy in state affairs, he added, asking not to be identified.

"A Japanese businessman who has engaged in trade with the North over the past 20 years recently told me that he had met one of the two stand-in Kim Chong-ils at the Koryo Hotel in Pyongyang last November when he visited there," the watcher, who has also visited Pyongyang several times, said.

The Kim Chong-il waving to the crowd at the 50th anniversary ceremony of the Workers' Party held in Pyongyang on Oct. 10, as shown in the North Korean television, was a sham, he explained, adding that when Kim Chong-il waves but doesn't make a speech during a public appearamce nine out of 10 times it's not really him.

Adolf Hitler of the Third Reich and Saddam Hussein of Iraq are also said to have had somebody acting on their behalf for their personal safety.

The sham Kim Chong-il the Japanese businessman met in Pyongyang last November was in the same class of the real Kim Chong-il at Mangyongdae School and they are the same age, but the phony is a little taller and stouter than the real one.

This sham is the son of a high-ranking official and when he was young he looked so like the real one that from a distance nobody could tell him from the real one.

Some 10 years ago, he had plastic surgery to make himself look even more alike.

The observer who has closely studied nearly every development in North Korea for some 10 years, said, "it's nonsensical to speak of Kim Chong-il's health condition, by simply observing him on television."

The stand-in for Kim Chong-il is a well-known secret in Pyongyang's inner circles, he added.

But he said he does not know anything about the other sham Kim Chong-il.

Actress Choe Un-hui and others who have met Kim Chong-il used to say, "Kim is somewhat talkative, and it is strange that he doesn't make a speech in public meetings these days."

The existence of the Kim Chong-il shams may answer their question.

ROK: Official: DPRK Teaches 'Capitalist Economy' to Students

SK2405040696 Seoul YONHAP in English 0145 GMT 24 May 96

[FBIS Transcribed Text] Seoul, May 24 (YONHAP) — North Korea established special courses on capitalistic economy at Kim Il-song University and the University of International Affairs last May and plans to offer them annually, a senior government official here said Thursday.

Such classes, including ones on finance, bookkeeping and accounting, were held from May until August last year, the official continued, and the North is now discussing with Chochongnyon, an association of pro-Pyongyang Korean residents in Japan, about the details of the courses including available professors.

"North Korea invited entrepreneurs and two accounting and three economics professors affiliated with Chochongnyon from May to August last year, and requested that they give lectures to hundreds of students at Kim Il-song University and the University of International Affairs," the official said.

It is the first time for North Korea to officially introduced market-driven economy into school curricula, he added.

ROK: 'Power Struggle' Between DPRK Foreign Ministry, WPK Noted

SK2405054996 Seoul SEOUL SINMUN in Korean 24 May 96 p 8

[By correspondent Kang Sok-chin from Tokyo]

[FBIS Translated Text] North Korean observers said on 23 May that a power struggle is going on between the North Korean Foreign Ministry and the Workers Party of Korea [WPK] over the resumption of contacts with Japan.

According to a Japanese journalist who recently visited Pyongyang, North Korea's Foreign Ministry is now taking the lead in holding contacts with Japan; however, the party, military and the Foreign Ministry have been struggling for influence over the matter.

This official revealed that the party and military are dissatisfied with the way the Foreign Ministry is contacting Japan, but the Foreign Ministry has expressed strong will to take the initiative by saying: "Secretary Kim Chong-il ordered that 'this matter be entrusted to the Foreign Ministry.'"

It was learned that during an interview with the reporters covering Japan's Foreign Ministry, who recently visited Pyongyang, Kang Sok-chu, North Korea's first vice foreign minister, said: "It is the Foreign Ministry that is directly in charge of the resumption of DPRK-Japan negotiations."

ROK: Yi Hong-ku: NKP To Do 'Everything' To Meet With Opposition

SK2305053296 Seoul YONHAP in English 0505 GMT 23 May 96

[FBIS Transcribed Text] Seoul, May 23 (YONHAP) — New Korea Party (NKP) Chairman Yi Hong-ku said Thursday that the ruling party will do everything it can to meet with the opposition to discuss a settlement to the current political impasse so that the 15th National Assembly can open on time.

"We will strive to do all we can for solving the political confrontation so that the 15th legislature will be organized as provided by the National Assembly law," Yi said in a press meeting at the NKP headquarters in Yoido, Seoul.

He also formally proposed meetings with the opposition leaders Kim Tae-chung and Kim Chong-pil by saying, "I would still like to meet with presidents of the opposition parties."

As to the ruling party's recruitment of lawmakers-elect, Yi brushed aside the opposition parties' criticism, asserting, "the ruling party's intention to engage in responsible politics with a parliamentary majority should not be a cause for denunciation and struggle."

The current political impasse has been triggered by the ruling party's recruitment of 11 independent and opposition lawmakers-elect to secure a majority of the National Assembly.

ROK: NCNP, ULD Reject NKP Chairman's Proposal for Meeting

SK2305140396 Seoul YONHAP in English 0742 GMT 23 May 96

[FBIS Transcribed Text] Seoul, May 23 (YONHAP) — The opposition parties rejected ruling New Korea Party (NKP) Chairman Yi Hong-ku's proposal Thursday to visit their leaders to settle current political impasse.

Chong Tong-yong, spokesman for the main opposition National Congress for New Politics (NCNP), said Thursday, "It's not the proper time for the NKP chairman to visit the NCNP." The spokesman criticized that "the NKP's insistence not to introduce lawmakers- elect into the party until the National Assembly opens means that it will continue its coercive introduction of lawmakers and the destruction of opposition parties after the parliament opens."

"Prior to his visits to opposition parties, Chairman Yi should advise President Kim Yong-sam to recover dialogue politics in line with the people's will expressed in the general elections," Chong claimed.

The spokesman for the United Liberal Democrats (ULD) An Taek-su also brushed aside as "unacceptable" Yi's "one-sided announcement" earlier in the day expressing his hope to visit opposition parties. An said, "The ruling party must first make a faithful response to the opposition camp's demand."

"It's shameless for the ruling party to make such proposal without fostering any atmosphere for dialogue in advance," the ULD spokesman insisted.

ROK: Kim Yong-sam Instructs NKP To Break Impasse With Opposition

SK2305133596 Seoul YONHAP in English 0816 GMT 23 May 96

[FBIS Transcribed Text] Seoul, May 23 (YONHAP) — President Kim Yong-sam instructed the ruling New Korea Party to break the current political impasse through "a satisfactory dialogue" Thursday.

The chief executive, who also heads the government party, was quoted as telling NKP Chairman Yi Hong-ku, "Principles and the law should be upheld in the management of bipartisan relations. But the impasse must be resolved by conducting a satisfactory dialogue in parallel."

Yi, in his weekly reporting to Kim, briefed the party head on the party's stance for improving its strained relations with the opposition over the ruling party's recruitment of opposition and independent lawmakers-elect to secure a parliamentary majority to form a new legislative leadership, party spokesman Kim Chol said.

ROK Completes Procedures To Meet OECD Entry Requirements

SK2405060496 Seoul THE KOREA TIMES in English 24 May 96 p 9

[FBIS Transcribed Text] The final countdown has started on whether or not the Organization for Economic Cooperation and Development (OECD) will accept Korea's application for membership.

To give a boost to the OECD review, the Korean government Wednesday sent a letter to the OECD, outlining what Korea has liberalized and plans to liberalize to meet the entry requirements.

The letter, sent to Wolfgang Hantke, chairman of the Committee on Capital Movement and Invisible Transactions (CMIT) and Committee on International Investment and Multilateral Enterprise (CIME), highlights Seoul's liberalization plan on foreign exchange and capital movement, as well as on the opening and internationalization of the domestic securities industry.

The letter contains Seoul's plan on the additional opening of industries to foreign direct investment and Korea's plan to remove all remaining restrictions on outward direct investment, a Ministry of Finance and Economy [MOFE] official said. During the past few days, the government announced the details of these programs.

By sending the letter, Seoul completed all procedures to meet the OECD entry requirements on cross-border capital movement and inbound and outbound direct investments, he added. He and other MOFE officials said there will be no additional liberalization programs, at least on the sectors linked to the CMIT and CIME.

He said Seoul made clear its intention to reserve the right to delay the opening of the bond and money markets, as well as a fuller liberalization of capital inflows, including the introduction of cheap foreign capital inflow, due to the wide interest rate gap between home and abroad, he noted.

The CMIT and CIME are regarded as the most important OECD subpanels that will have a critical effect on whether or not Korea will be able to gain an OECD seat this year.

The two panels will open a joint meeting in early July to decide if Korea's liberalization measures are acceptable to the OECD entry requirements.

ROK To Lift Import Diversification Rules Twice Per Year

SK2305045896 Seoul THE KOREA TIMES in English 23 May 96 p 8

[FBIS Transcribed Text] The government is planning to increase the frequency at which import source diversification items are liberalized to twice a year in line with demands for wider market opening by foreign countries and organizations seeking freer trade.

The Ministry of Trade, Industry and Energy [MOTIE] said yesterday that it may also double the number of items selected for import source liberalization to twice the previous number, continuing the higher rate started last year.

This year, the ministry decided to increase the number of items to be excluded from the diversification list and to announce changes one more time every year from July 1 in consideration of the changes taking place in the international trade environment.

At present, Japan is the only country facing "sanctions" under the import source diversification system which bans certain items from being imported from the neighboring country.

The system went into effect in 1978 and the Korean government began in 1993 to cut the number of affected items from 258 by 10 percent every year.

Over the years, Japan had repeatedly called for the Korean government to scrap the policy but more recently, even member countries of the Organization for Economic Cooperation and Development have been complaining about the system.

"We have been accelerating the pace of liberalization of the items affected by the system and the twice a year modification could become the regular rate from this year," one MOTIE official said.

The ministry lifted the import source diversification regulations on 25 items from Jan. 1 and is currently working on designating another 20 products to be excluded from the list on July 1.

The officials said the list was scheduled to be cut from 258 items in 1993 to 129 in 1998 but the new system could drastically expedite the liberalization process.

Another ministry officials said owing to the protection of the domestic market from Japanese competition, some companies have been refraining from investing the amounts needed to secure high technology.

ROK: Seoul Ranks 2d in Regional Weapon Imports Last Year

SK2405014096 (Internet) The Joong-Ang Ilbo WWW in English 24 May 96

[FBIS Transcribed Text] A Japanese economic daily reported Thursday [23 May], citing data released by the Stockholm International Peace Research Institute (SIPRI), that Korea imported 1.5 billion dollars worth of weapons last year, ranking second in Asia after China.

The newspaper predicted that Middle East countries are likely to import a less number of weapons over the next 5-year period due to financial difficulties while imports by Asia-Pacific countries will continue to increase. The daily also predicted that the Asia-Pacific region will emerge as the world's largest importer of weapons by the year 2000.

Burma

Burma: Aung San Suu Kyi on Arrest of NLD Supporters

LD2305132196 London BBC 1 Television Network in English 0600 GMT 23 May 96

[Telephone interview with Aung San Suu Kyi, leader of Burmese National League for Democracy, by Justin Webb; Suu Kyi in Rangoon, Webb in London; from the "Breakfast News" program — live]

[FBIS Transcribed Text] [Webb] [passage omitted on Burmese Government's attempts to encourage tourism] In Burma, 90 pro-democracy activists have been arrested this week. This weekend their party, the National Democracy League, is planning to hold a rally at Aung San Suu Kyi's home. [passage omitted: archive video of earlier events in Burma]

What do you believe that the military are hoping to achieve by arresting your supporters?

[Suu Kyi] They are arresting our supporters simply because they are frightened. I must correct what you said just now — we were not planning a rally, it was going to be a conference of elected representatives of the NLD [National League for Democracy], elected in the 1990 elections. It was going to be not a very large conference, perhaps 200 to 300 representatives, and yet the military seem to be very frightened at the idea of our getting together.

[Webb] Do you believe their actions are designed specifically to stop that conference, or do you believe that there is a wider repression that is under way now that might possibly lead to your rearrest?

[Suu Kyi] A wider repression has been under way. The authorities have been flouting the law for quite some time. There have been blatant cases where they misused the law in order to imprison our people. But the specific action during the last two or three days — to date 110 people have been arrested — this is aimed at preventing the conference from taking place.

[Webb] Realistically, what can people in the outside world do now if they want to help you?

[Suu Kyi] Well, we would like them to study the [UN] General Assembly resolution with regard to Burma carefully and see what they can do to implement the terms of the resolution. I do not think constructive engagement is working. Some countries believe in what they call constructive engagement; they say that constructive engagement will help Burma to achieve democracy. But it only seems to have encouraged the generals to take a harder line.

[Webb] There was a trade delegation, wasn't there, from Britain at one stage. Do you believe that was a mistake?

[Suu Kyi] Oh yes, certainly. Very much a mistake.

[Webb] And what about the issue of tourism, because as we were saying earlier on, the Burmese Government are very keen that people visit Burma now. What would you say to someone who was considering a visit?

[Suu Kyi] I would say please do not visit Burma until we have achieved democracy.

[Webb] It doesn't look, does it, at this stage, as if that day is going to come particularly soon. The government, the military government look as strong as they were when you were under house arrest.

[Suu Kyi] I do not think the military government feels that strong. If they felt that strong they could have allowed our conference to take place. How can a meeting of 200 or 300 people affect a strong government?

[Webb] Miss Aung San Suu Kyi, thank you very much for talking to us this morning.

Burma: SABC Radio Interviews Aung San Suu Kyi

MB2305172596 Johannesburg SAfm Radio Network in English 1513 GMT 23 May 96

["Exclusive" telephone interview with Burmese pro-democracy leader Aung San Suu Kyi, by SABC reporter Stephen Lange, on the "PM Live" program; date not given — live or recorded]

[FBIS Transcribed Text] Burma's military rulers have defended their detention of scores of democracy activists and threatened possible further action. Aung San Suu Kyi, who is leader of the NLD, or National League for Democracy, was awarded the Nobel Peace Prize in 1991 for promoting democracy in Burma. For her trouble, the authorities kept her under house arrest for six years and only released her last July. This weekend the NLD plans to hold a conference to commemorate the sixth anniversary of its sweeping election victory. The military regime didn't allow the NLD to take power six years ago and now they appear to be set on sabotaging this weekend's conference. Well, we contacted Aung San Suu Kyi at her compound in Rangoon and asked her if the authorities have reason to feel threatened:

[Suu Kyi] I'm sure they think it is in their own interest. It's very, very significant that they should see that they are protecting themselves — they are defending themselves — because they seem to think that the NLD is a very potent force. It proves that they are frightened of the NLD.

[Lange] Do they have a reason to be frightened?

[Suu Kyi] I don't think they have a real reason to be frightened. The NLD is certainly the party that has the support of the people, but we are not interested in vengeance. We are not interested in violence. If they are frightened, they are frightened because they are doing the wrong things.

[Lange] What type of threat does the NLD represent to the regime?

[Suu Kyi] The threat is, in a way, imaginary. The real strength of the NLD lies in the support of the people and the regime knows that they do not have the support of the people, therefore they feel threatened.

[Lange] And you have the support of the people?

[Suu Kyi] Yes, we do have the support of the people and the 27th is the sixth anniversary of elections that proved that we have the support of the people. I think the support is stronger now than it was six years ago.

[Lange] On what basis do you make this deduction?

[Suu Kyi] Because the people have suffered a lot during the last six years. Six years ago people wanted democracy because they wanted a change from one party government, but now they want democracy because they know that democracy is essential if their rights are to be protected.

[Lange] The last report we have says that 92 activists were detained. Is that figure accurate?

[Suu Kyi] No, the last count is 191.

[Lange] And these were all people that were going to participate in your conference this weekend?

[Suu Kyi] Almost all — 187 elected representatives — four are not elected representatives. Of those four, two are members of my office staff. We expect the numbers to go up because the authorities go about arresting people during the night. I'm sure you are familiar with that kind of thing in South Africa, in the old South Africa that is.

[Lange] And are they aiming to undermine the confidence you have or is there a further aim to it?

[Suu Kyi] I think they just don't want the conference to take place because they have a complex about their legitimacy. They know very well that it is the NLD which has the mandate of the people and the elected representatives to represent the will of the people, so they are nervous about the conference taking place.

[Lange] Have the authorities threatened you directly in any way?

[Suu Kyi] Well, the authorities have been threatening us for a long time. They have been making public statements about annihilating us for months.

[Lange] But they haven't acted against you personally.

[Suu Kyi] Not yet, no.

[Lange] Do you think they will?

[Suu Kyi] It's always possible. Don't forget that they kept me under house arrest six years.

[Lange] Do you think the fact that you have a high international profile limits their action?

[Suu Kyi] It probably makes them a little bit more cautious with regard to me. They are not so cautious with my colleagues.

[Lange] And is your compound being kept under surveillance?

[Suu Kyi] Oh, we have military intelligence people living in my compound, with my permission. It makes it that much easier. It makes it so much simpler if we know where they are.

[Lange] And is the conference going ahead this weekend?

[Suu Kyi] We are going ahead with our plan.

[Lange] And what do you hope to achieve with this conference?

[Suu Kyi] This is part of our political work. We are a political party and a political party has to do its work.

[Lange] But what is your ultimate goal? What is your work really?

[Suu Kyi] Our ultimate goal is to achieve democracy for Burma.

[Lange] Are you getting much assistance from outside your country?

[Suu Kyi] We do have a lot of support from the international community, but our main strength lies with our people.

Burma: NLD Members Now Detained 204, 'Only One-Fourth Are Left'

BK2405053596 Hong Kong AFP in English 0514 GMT 24 May 96

[FBIS Transcribed Text] RANGOON, May 24 (AFP) Burma's military rulers continue to take opposition activists into custody, with the tally now standing at 204, a source close to the National League for Democracy (NLD) said Friday.

"Only one-fourth are left," the source said, referring to the NLD candidates who triumphed in general elections in 1990.

The NLD swept 392 of 485 contested seats in the polls, but the ruling junta refused to yield power. Many NLD candidates were jailed at the time or fled into exile abroad as the military cracked down on pro-democracy forces.

The junta, officially known as the State Law and Order Restoration Council (SLORC), launched a roundup of NLD supporters to head off a planned party meeting in Rangoon May 26-29 to mark the sixth anniversary of the abortive polls.

NLD leader Aung San Suu Kyi has pledged to forge ahead with the meeting despite the detentions and the junta's expressed concern at the NLD's "confrontational course."

She also said she would make her usual weekly appearance at the gate to her lakeside residence on Saturday, where she addresses crowds of up to 4,000 people.

Aung San Suu Kyi and other NLD leaders were holding meetings "just within the close inner circle" Friday, the source said.

Burma: SLORC Condemned for Arresting Elected NLD Members

BK2405100196 (Internet) BurmaNet News in English 23 May 96

[Statement by the National Council of Union of Burma issued on 22 May; place not given]

[FBIS Transcribed Text] (1) The National Council of the Union of Burma [NCUB] is in grave misery regarding the arbitrary arrests on 44 Members of Parliament from National League for Democracy [NLD] and two of their family members, and further arrests on today of another 39 Members of the Parliament and one spokesperson of NLD by SLORC [State Law and Order Restoration Council, as well as the NCUB harshly condemns the military regime for these arrests.

(2) These arrests clearly reveal the regime's attempt to impose restrict measures on a legally-founded political party in order to bar its freedoms and prolong the military machinery and the rule of SLORC.

(3) Moreover, these arrests not only contradict to a SLORC's promise-like uttering that the country is heading towards democracy but also plunge Burma into more political turmoil as they are not in line with the efforts of solving the country's political problems by political ways and means.

(4) Although Daw Aung San Suu Kyi has suggested SLORC for face-to-face dialogue since her release and the international community and the United Nations urged for the same efforts, SLORC is still against the civic society and applying oppressive measures on the political parties and the people of Burma.

(5) Forthcoming 27 May 1996 is the sixth anniversary of multi-party democracy general elections at which the NLD won a landslide victory. SLORC failed to keep its words for numerous times and neglected to hand over power to the election-winning party until now.

(6) The action taken by Daw Aung San Suu Kyi and her NLD party, planning to have an all-party conference of the elected representatives on the current political situation during last six years is shouldering their historic responsibilities assigned by the Burmese people.

(7) We, the NCUB notes that SLORC has committed these inhumane action as they are under in a great fear to transfer the power back to NLD as the will of the Burmese people expressed clearly in the 1990 elections.

(8) The NCUB believes that continuing arrest against the opponents would only plunge Burma into more political turmoil.

(9) The NCUB demands the SLORC to immediately release all the recently arrested elected representatives and other political prisoners, as well as to stop further more arbitrary arrest.

(10) The NCUB urges the international community, their governments, political parties and democratic forces to strongly condemn the continuing misbehaviors committed by the SLORC, instead of failing to take an action.

(11) The NCUB in particularly requests the ASEAN-member countries to review their constructive engagement policy on Burma which is by now plunging the Burmese people into jeopardy.

(12) The will and desire of the entire Burmese people has been clearly expressed during the 1990 election and NLD was elected as the winning political party. People throughout Burma should not stay idle for the arrest of their elected representatives. The NCUB urges the Burmese people from all walks of life including patriotic officers and soldiers from the Burma Army to join and side with Daw Aung San Suu Kyi in the struggle to topple down the fascist military dictatorship. Fourth Conference of NCUB, May 22, 1996.

Burma: ABSDF Condemns SLORC for Arrests of NLD Members

BK2305125996 (Internet) BurmaNet News in English 22 May 96

[Statement by the Central Committee of the All Burma Students' Democratic Front issued at Dawn Gwin in the "liberated area of Burma" on May 22]

[FBIS Transcribed Text] Position of the ABSDF [All Burma Students' Democratic Front] regarding arbitrary arrests of peoples representatives and leaders of the NLD

1. The State Law and Order Restoration Council (SLORC), without legal ground, from 19-21 May 1996, conducted arbitrary arrests on 44 Members of the Parliament from National League for Democracy (NLD) which won a landslide victory in the multi-party democracy general elections held in 1990. As the campaign is going on, U Win Htein, spokesperson of the NLD, and another 39 Members of the Parliament have been subjected to further arrest on 22, May. As of 22 May, it is confirmed that over 80 people have been arrested.

2. SLORC military regime, which seized State power by a coup detat in 1988 after cracking down on the democracy uprising, not only refuse to hand over power to the election-winning party — NLD — but also prohibit Members of the Parliament from convening the Assembly by introducing SLORC Order 1/90 which says that the responsibility of MPs is only to draft the constitution. When the National Convention for laying down guidelines of planned constitution was held, the majority of the delegates to the convention were hand-picked by the military regime. Because of tight rules and regulations of the convention, Members of the Parliament from NLD had no say no alternative, and finally they walked out on the Convention.

Afterwards, SLORC military regime has applied various forms of oppressive measures on Daw Aung San Suu Kyi an many leaders of the NLD. SLORC's latest rounds of massive arbitrary arrests, with the aim to crackdown in an all-party conference of the NLD to be held at Daw Aung San Suu Kyis residence in Rangoon from 26-29 May, clearly reveal that there is an absolute lack of the rule of law in Burma.

3. Regarding the aforementioned arbitrary arrests of the NLD leaders and Members of the Parliament, the ABSDF would like to appeal to all political parties, ethnic leaders, democracy forces and the people throughout Burma to support Daw Aung San Suu Kyi and NLD; to patriotic officers and soldiers from the Burma Army side with the people and defy SLORC if ordered to use force against the people, to the United Nations and the international community to respond with immediate condemnation and take practical actions against the military regime; and urge all support groups and patriotic Burmese in overseas to stage anti-Slorc demonstrations in front of its embassies and denounce the activities of the military regime.

Burma: Students Linked to NLD Meeting Reportedly Arrested

BK2405103896 (Internet) BurmaNet News in English 23 May 96

[Press Release by the All Burma Students Democratic Front's Information Department at 88 Camp "in the liberated area in Burma" on 23 May]

[FBIS Transcribed Text] On May 16, 1996, 6 students from Rangoon University were arrested in Rangoon for organizing people in support of NLD [National League for Democracy] meeting which is scheduled to be held this Sunday [26 May].

They were arrested a few days before the military regime began its crackdown on the NLD, detaining more than 90 NLD representatives and supporters up until yesterday.

Ye Kyaw Zwar, a second year Engineering student from RIT (Rangoon Institute of Technology), Kyaw Kyaw Htay (a.k.a) [alias] Margue, a first year English major student along with four other University students were arrested by the military regime. Kyaw Kyaw Htay is a member of DAYS (Democratic Association of Youth and Students), an underground youth and student organization based in Rangoon. According to the reliable sources from Rangoon, these students were detained for organizing people to stage demonstrations in support of the upcoming NLD meeting which is scheduled to be held on May 26 in Rangoon.

Ye Kyaw Zwar was detained in 1990 for the same reason and sentenced to three years imprisonment. He was released in 1993.

We have also received information that students and political activists who were and have been involved with the movement, are being questioned or rounded up nation-wide, by the Burmese military.

Burma: Daily Calls For Public Support for SLORC Detentions

BK2405050396 Rangoon Radio Myanmar in Burmese 0140 GMT 24 May 96

[24 May MYANMAR ALIN Editorial: "Peace-loving General Public: Render Overwhelming Support and Cooperation" — from the "Press Review" program]

[FBIS Translated Text] U Thein Sein, member of the State Law and Order Restoration Council [SLORC] Information Committee and deputy information minister, held a news conference with local and foreign journalists on 23 May at the Defense Services Guest House on Inya Road in Yangon [Rangoon]. The news conference was held to explain the recent preemptive action being taken by the authorities to prevent any likelihood of the National League for Democracy [NLD] causing a deterioration to the country's existing stability.

U Thein Sein explained that the NLD is planning to hold a conference similar to the Gandhi Conference, which was held after the 1990 elections. Since the beginning of May, foreign broadcasting stations have been carrying programs on the sixth anniversary of the elections of 27 May 1990. He said if internal stability deteriorates, the students and youths pursuing their education are again likely to face disruption to their education. It could also cause uncertainty and nervousness among the general public, affecting commercial activities and the normal flow of trade, and pose a danger by disrupting the momentum of the current government's national development efforts. The government is responsible for maintaining the momentum of progress in the country. It has taken the best possible action to ensure the best situation for the nation and its citizens because the undermining of political stability can result in disturbances similar to the 1988 events.

He said those summoned are being interrogated in accordance with the law. They are not being kept in detention camps, but in stead are being lodged in pleasant guest houses.

He explained that authorities concerned are carrying out interrogations to preempt the danger of any deterioriation to national peace and stability following reports of an NLD plan to convene a meeting with a public assembly [lu zu lu way] from 26 to 29 May 1996. These persons are not even touched and are being interrogated respectfully. Therefore, it is believed that every citizen, who approves of the endeavor to build a peaceful, modern, and developed nation, would give overwhelming support to the action taken by the SLORC government and cooperate with the government.

Burma: Statement Urges World To Send 'Clear Signal' to SLORC

BK2405104096 (Internet) BurmaNet News in English 23 May 96

[Joint statement by exiled Burmese democratic forces issued on 23 May; place not given]

[FBIS Transcribed Text] We strongly condemn the military-run State Law and Order Restoration Council [SLORC] for arresting without any legal justification over 90 People's Assembly representatives who were about to attend the National League for Democracy [NLD] conference scheduled for May 26-29. Forty-four of them were arrested between May 19 and 21, and 39 more, including NLD spokesman U Win Htein, were detained on May 22.

The fact that SLORC until today has refused to hand over the power to the NLD even though the party won 82 percent of the vote in the May 1990 general elections and that it continues to arrest elected representatives from the NLD, shows that the SLORC ignores the true wish of the people. Instead, it has been holding a sham national convention to legitimize military rule in Burma. The NLD has boycotted that national convention.

The NLD in the meantime has called on the SLORC to hold talks aimed at resolving the problems of the country through peaceful means. The offer however is still being ignored by the SLORC. Since the objective of the NLD conference of May 26-28 is to deliberate on ways to resolve political and socio-economic problems as well as the question of democracy in the country, we fully support and warmly welcome the NLD conference.

Since the NLD is a legally registered political party, it has the right to call for a convention. To arrest the people's representatives who are bound for that convention tantamounts to obstructing the path of democracy that is due to emerge in Burma. We therefore condemn the SLORC for choosing a dangerous path that would obstruct the progress of democratization in Burma, and call on the generals to meet the following demands:

1) Release immediately all NLD representatives now under detention.

2) Halt all illegal arrests

3) Hold talks with Daw Aung San Suu Kyi, the leader of the democracy movement so that a tripartite political dialogue aimed at achieving political reforms can begin.

In conclusion, we call on the international community to take strong and effective action to send a clear signal to the SLORC that the world is watching and that criminal acts against its own people will not be tolerated. Overseas National Student Organization of Burma All Burma Basic Education Students' Union (Thailand) Burmese Students Association (Safe Area) All Burma Students' Democratic Front Federation of Trade Unions, Burma

Burma: Daily Says Suu Kyi's NLD Seeks To Rekindle Disturbances

BK2405110296 Rangoon THE NEW LIGHT OF MYANMAR in English 24 May 96 p 6

[Editorial: "No Replay of 1988 Scenario"]

[FBIS Transcribed Text] Whatever the State Law and Order Restoration Council has been doing and will continue to do is to promote national wellbeing. We must not at any time forget that the present Tatmadaw [Defense Services] government emerged to do the inevitable, that is, to meet the challenge to hold the Union together.

Whatever may have brought the situation to what it was in 1988, those who sought to gain from the creation of chaos and anarchy did so knowing the consequences. The self-styled leaders who fed the flames later stood aside to allow the conflagration precipitated by their action.

They cheered and applauded as the situation got out of hand, and, as we ourselves experienced, the destruction, the arson, looting, stoppage of work, the unemployment, the closing of schools and other institutions of learning, and the administrative machinery itself grinding to a stop — all the ills that resulted from the flames fanned by a few to cause the misery of the multitudes — are still very much fresh in our minds.

The situation that had grown out of hand could not be allowed to tear the very fabric of unity apart. The public fretted for their safety, national security was at stake, the disintegration of national unity, and national solidarity were imminent, and the Union was on the verge of disintegration.

The situation had to be brought under control. The Tatmadaw had to take the inevitable course, that of talking up the reins of power to ensure public safety and national security.

Many of the people who suffered, mentally and physically, at the hands of the unruly mobs egged on by those who thought they had much to gain from what was happening, still suffer the trauma of those unruly events.

Today, there seems to be movement by the National League for Democracy controlled by Daw Suu Kyi, to seek to replay the 1988 scenario. Soon after she had her restraining order lifted, she threatened "dialogue or utter devastation". The public is revulsive to the mention of the word devastation itself after their awful experience of 1988. Students who missed classes, who had their futures adversely affected and the numerous other people who also suffered variously, do not want any "devastation".

The State Law and Order Restoration Council has laid the right path toward the return to multi-party democracy. Like true patriots, those who flaunt the ability to do good should cooperate, help write the new constitution and take other positive steps along with the Tatmadaw government.

The public is weary of glib talk and would not ever like to see a replay of the 1988 scenarios.

Burma: Burmese Unrest Said Unlikely To Hurt Mekong Development

BK2305110596 Hong Kong AFP in English 1059 GMT 23 May 96

[FBIS Transcribed Text] Langkawi, Malaysia, May 23 (AFP) — Burma's arrest of political opposition and the unrest that could ensue there are unlikely to affect the country's role in plans to develop the wider Mekong region, officials said here Thursday.

"I don't think it is our business to question," Ahmad Kamil Jaafar, chairman of a meeting here on the Mekong basin development, told AFP after the two-day conference.

As one of six nations from the Mekong area, Burma is a key player in the project.

Kamil, who is secretary-general of Malaysia's foreign ministry, said he did not think Burma's political situation would lead to censure by other countries involved in the project or slow the progress.

"I don't think it will affect what we are doing now," he said.

Burma's ruling military junta has detained more than 100 pro-democracy activists ahead of a large opposition meeting planned for May 26-29.

The meeting was to mark the anniversary of the country's 1990 election, in which Aung San Suu Kyi's National League for Democracy swept 392 of 485 contested seats but was not allowed to take office when the junta refused to surrender power.

Officials involved in the Mekong basin development said they did not expect the Burmese authorities' clampdown to disqualify the country from participating — even if the situation worsens.

"I don't forsee that happening," said Rodolfo Severino, permanent secretary of the Philippine foreign affairs department. "It was never discussed (at this meeting)."

The Mekong basin development has region-wide benefits, and Burma's internal politics was "not really very relevant," Severino said.

Senior officials from 11 Asian countries attended the meeting. They included the six nations from the Mekong basin: Burma, Cambodia, southwest China, Laos, Thailand and Vietnam.

They were joined by members of the Association of Southeast Asian Nations (ASEAN) which, apart from Thailand and Vietnam, includes Brunei, Indonesia, Malaysia, the Philippines and Singapore.

The Langkawi meeting was to lay the groundwork for a ministerial meeting in the Malaysian capital, Kuala Lumpur, on June 17 and 18.

Burma: Karen Rebels Mine Train; Nine Killed, Seven Injured

BK2205151696 Rangoon TV Myanmar Network in Burmese 1330 GMT 22 May 96

[FBIS Translated Text] After leaving Kanyutkwin station, the Mandalay-Yangon [Rangoon] No 2-Down [inbound to Rangoon] local train hit a mine laid by the Karen terrorist insurgents between an iron bridge and Konne Village at the 128 mile, 8 furlong milepost on 21 May at 2330. Two oil carriages were overturned while two cargo carriages, one (?recreation) carriage, and one guard van were derailed. Altogether nine passengers — five males, three females, and one child — were killed while seven passengers — three males and four females — were injured.

The injured were taken to Kanyutkwin and Pyu hospitals for treatment. Brigadier General Kyi Aung, commander of the Southern Military Command and chairman of the Pegu Division Law and Order Restoration Council; military and civil officials, and responsible personnel from the Ministry of Rail Transportation went and inspected the incident site and gave necessary assistance.

The damaged inbound tracks are being immediately repaired while other trains are moving normally on the outbound tracks.

It has been learned that Defense Services personnel and the people are combining their efforts and are in hot pursuit of the fleeing Karen terrorist insurgents.

Brunei, Malaysia & Singapore

Malaysia

Malaysia: Pact on Banking Operations Enhances PRC Trade Ties

BK2405113096 Kuala Lumpur NEW STRAITS TIMES in English 23 May 96 p 3

[BERNAMA report]

[FBIS Transcribed Text] Kuala Lumpur, Wed — Malaysia and China have agreed to facilitate banking operations to enhance trade relations between the two countries, Deputy Prime Minister Datuk Sri Anwar Ibrahim said tonight.

Speaking at a dinner to welcome visiting Chinese Vice-Premier Zhu Rongji at Carcosa Sri Negara [state guest house] here, Anwar said Malaysia had agreed to facilitate the Bank of China's subsidiary operations in Kuala Lumpur while the Chinese Government had agreed to allow Malayan Banking and other appropriate banking corporations to operate in China.

Anwar's wife, Datin Sri Dr. Wan Azizah Wan Ismail and Zhu's wife, Madam Lao An, also attended the dinner.

Also present were Deputy Home Minister Ong Ka Ting, who is also the minister-in-attendance, Housing and Local Government Minister Datuk Dr. Ting Chew Peh and local businessmen.

Anwar said the business and diplomatic ties between Malaysia and China, which began 20 years ago, were further enhanced in 1985 when Prime Minister Datuk Sri Dr Mahathir visited the country. Bilateral then stood at RM1.2 billion.

He said last year Malaysia's trade with China stood at RM9.21 billion which amounted to 24 per cent of Malaysia's global trade.

"China is currently Malaysia's 10th leading partner," he added.

He said that in further enhancing trade, both countries had also agreed to discuss matters concerning taxation incentives and credit facilities.

In his speech, Zhu said Malaysia has won the trust of the Chinese people because of Dr. Mahathir's firm stand on international issues, especially in supporting China on human rights.

"We support the role played by Malaysia in maintaining world stability and peace, " he added.

He said relations between China and Malaysia were at their best.

Malaysia: Zhu Rongji Stresses Right To Enhance Self-Defence

BK2405102596 Kuala Lumpur THE STAR in English 24 May 96

[BERNAMA report — received via Internet]

[FBIS Transcribed Text] Kuala Lumpur — Visiting Chinese Vice- Premier Zhu Rongji said yesterday it was the right of countries in the region to enhance their national self-defence capabilities in protecting their integrity.

"But we also take into account that the region is currently enjoying great security and political stability and any effort to upgrade military capability should be in conformity with this stand," he told a news conference.

Zhu is on his second day of a five-day official visit here.

He dismissed fears that China would become a military threat to the world due to its nuclear power capability, saying: "I think the past and consistent behaviour of China has proven that it contributed to world peace and there is no need for a new assurance."

The vice-premier said China's armed capability was for self-defence and described its recent military exercises near Taiwan as "regular and normal," saying that it was conducted in high seas in accordance with the international practice.

Zhu also said that China had neither (military) bases abroad nor military alliances with other countries.

To attract foreign investment, Zhu said, China was improving the foreign investment structure including economic measures such as taxes and subsidy.

Earlier, at a luncheon hosted by the National Chamber of Commerce and Industry of Malaysia (NCCIM), Zhu told Malaysian businessmen that he would try to solve the problems faced by Malaysian investors in China.

But while he admitted that many Malaysian investors had faced various problems in China over the last two years, he could not guarantee the problems would be solved.

He did not single out the problems but said: "Malaysian investors are smart and China's businessmen are also smart. But in the final analysis, there is more cooperation than competition."

NCCIM vice-president Tan Sri Wee Boon Ping said Malaysian investments in China to date were estimated to be worth RM [Malaysian ringgit] 1.8 billion. The investments were mainly in property development, services, manufacturing, retailing and infrastructure facilities.

Malaysia: Minister: EU Has No Right To Criticize Bakun Project

BK2405085296 Kuala Lumpur THE STAR in English 24 May 96

[Unattributed report — received via internet]

[FBIS Transcribed Text] Kuala Lumpur — The European Union (EU) has no right to interfere in Malaysia's development, Science, Technology and Environment Minister Datuk Law Hieng Deng said yesterday.

"The construction of the Bakun dam is in compliance with Malaysian environmental laws and the European Union has no right to pass a resolution condemning Malaysia," he said.

"The Government wants to ensure that it is safe...it is for the long term benefit of all Malaysians," he added.

During the recent EU parliament sitting, a resolution was passed condemning Malaysia on the construction of the dam citing severe environmental damage.

Malaysia: Economic Adviser Says Malays Need To Control Economy

BK2405092196 Kuala Lumpur THE STAR in English 24 May 96

[Report by Anthony Tan — received via Internet]

[FBIS Transcribed Text] Sungai Petani — Malays need to take control of the economy if they want to continue to succeed, Economic Adviser to the Government Tun Daim Zainudin said yesterday. He said political power alone was insufficient to ensure the advancement of the Malays. "Politics and the economy cannot be separated because they are like a song and its rhythm," he said when opening an economic programme organised by the Merbok UMNO [United Malays National Organization] division. Daim, who is Merbok MP [member of parliament], said the Government realised the importance of the economy to the Malays and had implemented various policies including the National Economic Policy (NEP) to help them. He said the Malays should grab the opportunities given to them and not blame the Government if they failed.

Malaysia: Minister Denies Report on Plan To Buy More MIG-29's

BK2405112996 Kuala Lumpur NEW STRAITS TIMES in English 23 May 96 p 3

[Unattributed report]

[FBIS Transcribed Text] Kuala Lumpur, Wed — Malaysia has no plans to buy more MiG-29N air superiority jet fighters from Russia, as the existing two squadrons of 18 aircraft are adequate for the country's air defence needs.

Defence Minister Datuk Syed Hamid Albar said this today when denying a foreign newspaper report that Malaysia was planning to buy another 18 MiG-29Ns.

"We have no plans to increase the number as we are satisfied with what we have now," he told reporters at his office.

He was commenting on a Singapore STRAITS TIMES report today quoting an international defence journal that Malaysia was expected to take delivery of the additional 18 aircraft starting from next month.

The 18 MiG-29s were bought for about RM [Malaysian ringgit] 1.48 billion under a programme to modernise the Armed Forces and their delivery was completed in July last year.

The MiG-29s have been divided into two squadrons at the Royal Malaysian Air Force base in Kuantan — Squadron 17 which is a training unit and Squadron 19 for air defence and interception.

Payment was made with US$450 million (RM1.12 billion) in cash and the rest in refined palm oil over a five-year period.

The planes comprise 16 single-seaters and two twin-seaters.

Singapore

Singapore: Trade, Investment Committee With Sichuan Set Up

BK2205135296 (Internet) Television Corporation of Singapore WWW in English 1011 GMT 22 May 96

[FBIS Transcribed Text] The Singapore-Sichuan Trade and Investment Committee or SSTIC has been set up.

Parliamentary secretary for finance and co-chairman of the working committee Koo Tsai Kee said it was a long-term economic collaboration mechanism between Singapore and Sichuan.

He added the committee will be used by Singapore's private sector to spearhead its investments into the province.

The Singapore Government will play the role of a facilitator through its various economic agencies.

The other co-chairman is the vice governor of Sichuan, Li Dachang.

Mr. Koo was speaking at the signing ceremony of a recommendation report by the Singapore-Sichuan Joint Working Committee in Chengdu, capital of Sichuan today.

The committee was suggested by Prime Minister Goh Chok Tong during his trip to China last May.

Also present at the ceremony was the committee's adviser, Communications Minister Mah Bow Tan.

Singapore: Foreign Minister, Egypt's Mubarak Hold Talks

BK2405112896 Singapore THE STRAITS TIMES in English 24 May 96 p 2

[Unattributed report]

[FBIS Transcribed Text] Foreign Minister S. Jayakumar yesterday called on Egyptian President Husni Mubarak in Cairo and discussed ways to further strengthen bilateral ties.

According to a statement by the Ministry of Foreign Affairs [MFA], Mr. Mubarak noted the excellent relations between the two countries as they dwelt on topics that included economic cooperation and the Middle East peace process.

Prof. Jayakumar, who was on the last day of his four-day visit to Egypt, also briefed Mr. Mubarak on political developments in the Asian region.

During talks earlier with Foreign Minister 'Amr Mahmud Musa and other leaders, the Egyptian side showed keenness to attract Singapore investments.

The MFA statement said Prof. Jayakumar and the Egyptian leaders agreed on the need for the private sectors in the two countries to establish links and be aware of the business opportunities in the Middle East and Southeast Asia.

According to the statement, the Egyptians were eager to tap Singapore's experiences in certain areas, such as port development. Prof. Jayakumar assured them that Singapore would be prepared to share its experiences in these areas.

He visited Amman, Jordan, before arriving in Cairo on Monday. He is also visiting the United Arab Emirates (UAE). The visits are aimed at strengthening Singapore's friendly ties with the three countries.

Singapore: Burkina Faso's President Arrives for Working Visit

BK2405091296 Singapore THE STRAITS TIMES in English 24 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The president of the West African state of Burkina Faso, Mr. Blaise Compaore, arrived here yesterday evening on a five-day working visit.

This is the first visit by a Burkinabe president to Singapore.

He was received at Changi Airport by Mr. Yatiman Yusof, senior parliamentary secretary, foreign affairs.

Today, he will make separate calls on President Ong Teng Cheong and Prime Minister Goh Chok Tong.

In the evening, Mr. Goh will host Mr. Compaore to a dinner.

Acting Minister for Foreign Affairs Lim Hng Kiang will host a lunch for him tomorrow. Mr. Compaore is accompanied by the Burkinabe foreign minister, Mr. Ablasse Ouedraogo, and several other officials.

During his stay in Singapore, Mr. Compaore will also visit the Civil Aviation Authority of Singapore, Economic Development Board, Housing Board, Productivity and Standards Board, and Jurong Town Corporation.

Singapore: Minister on Helping Executives Own Private Housing

BK2305070696 Singapore THE STRAITS TIMES in English 23 May 96

[Report by Warren Fernandez — received via Internet]

[FBIS Transcribed Text] Senior Minister Lee Kuan Yew yesterday broached three ideas to help young executives and professionals fulfill their dream of buying and owning private properties here.

These included the government building "luxury executive condominiums," or selling land to private developers to build such flats, of which 10 to 15 percent would be set aside for Singaporeans at lower prices.

In the longer term, the government might also consider limiting the number of properties that a person could bequeath to his children to two per child or family member. This would then enable more people to own properties.

He raised these ideas in parliament yesterday, on day two of the debate on the sale of condominium units by Hotel Properties Limited [HPL] to him and Deputy Prime Minister [DPM] Lee Hsien Loong last year. He was responding to Nominated MP [NMP] Lee Tsao Yuan, one of 14 MPs who joined the debate.

She argued that one reason some Singaporeans were unhappy about ministers and others at the top buying condominiums was that they feared the "Singapore dream" of owning properties and cars was slipping beyond their reach.

Noting that the NMP had identified a "significant problem," he said that he had floated several ideas with the Cabinet, which found them "quite startling" and made them "a bit nervous" because these involved fundamental solutions.

But, he added: "If we do nothing, our able will leave. If they can't get good properties, they will leave and go off to Australia, Canada. They will be second-class citizens, but they will have a big house. And Singapore's economy will go down. We should find a solution to this."

One immediate solution, which could be implemented in two to three years, was for the government to build "luxury executive condominiums" using private architects, contractors, and their materials.

These would be equal to the best the private sector built, but sold to Singaporeans at perhaps 20 percent less than the market price. If need be, they could be balloted. Owners could sell their flats to foreigners after 10 years.

The government could build between 3,000 and 5,000 units of such flats a year, he said, adding: "That's one way, and immediately you get 3,000 or 5,000 couples less disgruntled."

Alternatively, the government could sell land to private developers but require them to set aside 10 to 15 percent of the flats built on these plots for Singaporeans. The flats could only be sold to foreigners after 10 years.

"In other words, same buildings, same flats, but no free market, no foreign buyer premium."

In the longer term, there would also be a need to "reshuffle the cards" to prevent a few top businessmen from holding a large number of properties.

But instead of imposing punitive taxes or death duties on the rich, which would only result in them moving their funds elsewhere, they could be limited to passing on just two properties to each of their children. The rest would have to be sold within a certain period, say 10 to 15 years' time.

"In other words, more people get a chance to buy and own good quality housing," he said.

"What we must not have is that those families that already have will always have and that new families cannot have. That will lead to division."

This goal of meeting the aspirations of younger Singaporeans, he added during his 90-minute speech, was part of the bigger challenge of ensuring Singapore's success in the longer term.

Many doubted Singapore's ability to succeed after his departure from the scene, Mr. Lee said.

One of them was Harvard university academic Samuel Huntington, who had thrown down the gauntlet at him last August and said that the clean and efficient system of government he had built would "go with him to his grave".

These American critics gunned for Singapore, he argued, because they were concerned that mainland China would be drawn to the Singapore model for its development, rather than Taiwan's.

"If I am down, if I go take $416,000, the example is gone, isn't it? They will cheer and give me the most rousing send-off of anybody who has to quit politics. But I am not likely to oblige them," he said.

"I believe out of this occurrence, good has come and will come to Singapore. What has it proved? That the system I set up worked without me in charge."

This was because he had put in place men of integrity, he added, paying tribute to Prime Minister Goh Chok Tong, Finance Minister Richard Hu, and Monetary Authority of Singapore Deputy Managing Director Koh Beng Seng, for not having shrunk from investigating market rumors about impropriety, even though these involved him and DPM Lee.

Continuing, he added that he was pleased that there was agreement in the House, among both opposition and government MPs, that there had been no wrong-doing in the HPL sales.

"But what is most important is that we bring it out into the open and that the world knows that a new team, new leaders, were prepared to act on the same standards. We are disproving Professor Samuel Huntington."

"We will prove to Samuel Huntington he's wrong, and that is my ambition. It is a challenge which I think I am winning," he said to applause from MPs.

Prime Minister Goh Chok Tong is expected to wrap up the debate today.

Singapore: New Rules for Ministers, Others in Property Purchases

BK2405082796 Singapore THE STRAITS TIMES in English 24 May 96

[Report by Warren Fernandez — received via Internet]

[FBIS Transcribed Text] Prime Minister [PM] Goh Chok Tong yesterday spelt out new rules for ministers, MPs, and civil servants who buy properties, saying that these would further safeguard the integrity of the government and protect its "enviable record of incorruptibility".

Ministers would have to clear all property purchases with him, whether they were buying to live in, or for investment. They would have to state how they came to know of the property, their ties with the seller or developer, the price they were paying and the discounts, special terms or treatment they received.

MPs would have to declare to the PM when they bought private properties, while civil servants would have to inform their permanent secretaries, on a standard form, of any non-Housing Board properties that they, their spouses or children bought, he said.

He added that he was also considering having all MPs "make declarations to a neutral person", as MPs now controlled town councils which handled millions of dollars every year. While People's Action Party MPs were supervised, some town councils were run by non-PAP MPs who may not be, he said.

Mr. Goh disclosed these measures in a speech wrapping up the three-day debate in parliament on the sale of condominium units to Senior Minister [SM] Lee Kuan Yew and Deputy Prime Minister [DPM] Lee Hsien Loong by Hotel Properties Limited last year.

While he was satisfied very early on that there had been no impropriety in the sales, the country had been abuzz about their purchases in Nassim Jade and Scotts 28 before the debate, he noted.

"You have heard SM and DPM. They have given you the facts. This House is satisfied that their purchases were completely at arm's length and at market price. Now, make sure that the rest of Singapore understands," he told MPs in a 50-minute speech.

PM Goh said he had not taken the decision to probe market rumors of impropriety by SM and DPM Lee lightly, but did so to safeguard the government's integrity.

The episode, he said, showed how sensitive Singaporeans were to the perception that ministers and public officials were on an "inside track" when buying properties before they were launched officially.

This, he added, was a new phenomenon as more Singaporeans now owned or desired private properties, especially as the market was "hot".

Ministers, he said, needed to be extra careful to avoid a "perception problem" when buying property in a "hot" market, in which large profits could be made from reselling immediately. He said he recognized the possibility of abuse with developers trying to cultivate ministers, and that even if there was no wrongdoing, over time, the government's integrity may be eroded as "guanxi" [connections] was built up.

"The public will perceive that the government's standard of integrity has dropped. And even if there is no question of impropriety, the public will resent the apparently privileged access of elected leaders and public officers to soft launches," he said.

Prohibiting ministers, MPs, and civil servants from buying properties at a pre-launch or soft launch and disallowing them from accepting discounts was an easy way out, he noted.

But though popular, it would be wrong, and would have adverse consequences over the long term, he said.

The real solution, he argued, was "not to ban soft-launches, but to cool the market and calm the public", which the government had done with its measures to curb speculation and stabilize prices announced last week.

Spelling out the new rules, he said he would exercise his discretion in approving property purchases by ministers, taking into account the state of the property market and whether the purchase could stand up to public scrutiny.

Property purchases by ministers' spouses and children will not have to be cleared with him. Ministers would have to ensure that their spouses' and children's actions could bear public scrutiny.

Turning to MPs, he said that they only had to declare to him when they bought private properties. This was because, unlike ministers, they did not exercise executive powers. Besides, it was impractical for the PM to vet every purchase MPs made. As for civil servants, he said that he had accepted the new rules proposed by the Public Service Division, which will be made public later this week.

Summing up the debate, he said he was pleased that it had reaffirmed his conclusion that there had been no impropriety in the HPL sales.

He argued that the government's "enviable reputation of incorruptibility" was a "great plus," boosting Singaporeans' quality of life and the country's competitive edge.

"It enables Singaporeans to hold their heads high," he said.

He told MPs that he had not taken the decision to investigate market rumors of impropriety by SM and DPM Lee lightly. He had thought about it for several days, considering the damage it might have on his relations with the two leaders, on their reputations, and that of the government. There was also a political cost with a general election looming, and a risk of splitting the People's Action Party [PAP].

"But as the prime minister, I have to safeguard the integrity of government. No personal or political cost can be higher than the loss of confidence in the integrity of the government," he said.

"Integrity is the cornerstone of the PAP government. Senior minister laid this cornerstone. It will survive the senior minister."

Cambodia

Cambodia: King Suffers 'Temporary Paralysis' on One Side

BK2405104696 Hong Kong AFP in English
1022 GMT 24 May 96

[FBIS Transcribed Text] Phnom Penh, May 24 (AFP) — King Norodom Sihanouk of Cambodia suffered temporary paralysis on the left side of his body in Beijing on Friday, and has been forced to cancel his return here scheduled for next week, Queen Norodom Monineath Sihanouk said.

In a message to the nation released by the royal palace, she said the king was unable to move his left arm and leg for about an hour Friday morning.

He was given emergency medical treatment by doctors from a Beijing hospital at his residence and then was taken to hospital, the queen said.

His doctors have ordered him to remain hospitalised in Beijing for at least a month, the queen said

On Thursday, the 73-year-old monarch, who was recently diagnosed with a brain lesion, announced he would postpone a much-needed eye operation to return to Cambodia to help relieve serious political tension threatening the coalition government.

Cambodia: Assembly Chairman Departs for Beijing To Visit Sihanouk

BK2405101696 Phnom Penh National Radio of Cambodia Network in Cambodian
0500 GMT 24 May 96

[FBIS Translated Text] Samdech Chea Sim, acting head of state and chairman of the National Assembly of the

Kingdom of Cambodia, accompanied by three people, left at 0820 this morning for Beijing for a day's visit to His Majesty King Norodom Sihanouk Varaman of Cambodia and her majesty the supreme queen, who are staying there.

Seeing Samdech Chea Sim off at Pochentong International Airport were His Excellency Loy Simchheang, acting chairman of the National Assembly; their excellencies and ladies who are members of the Royal Government and National Assembly; and many other officials. Also on hand at the airport was Madam Xie Yuee, PRC ambassador extraordinary and plenipotentiary to Cambodia.

Cambodia: Hun Sen Announces ROK Visit; Plans To Sign Agreements

BK2405022796 Phnom Penh National Radio of Cambodia Network in Cambodian 2300 GMT 23 May 96

[FBIS Translated Text] On the morning of 21 May in Chamka Leu District of Kompong Cham Province, Second Prime Minister Samdech Hun Sen of the Kingdom of Cambodia announced to the people nationwide that he would lead a delegation to South Korea this July. The samdech added that if everything between Cambodia and South Korea proceeds smoothly he is prepared to visit the country officially in July.

During the visit, the samdech will sign two important documents: First, an investment protection agreement that will allow Korean investors to do business in Cambodia; second, a technical and scientific cooperation agreement. This agreement will enable Cambodia to develop human resources or for South Korea to assist in this venture. It will also allow South Korea to transfer technology to Cambodia, which has lots of available land.

It should be recalled that South Korea and Cambodia signed a memorandum to establish mission level relations in Phnom Penh on 15 May.

Samdech Hun Sen has called the memorandum a breach of the wall that has blocked South Korean investments in Cambodia.

South Korea has already donated 100 railway carriages to Cambodia.

Cambodia: Doubt Cast on Importance of Links With South Korea

BK2405084696 Phnom Penh MONEAKSEKA KHMER in Cambodian 19-20 May 96 p 2

[Unattributed "Comment": "The Former Communists Have Taken Advantage of Relations With South Korea To Further Their Political Ambitions"]

[FBIS Translated Text] The Cambodian people are extremely scared and do not want to see or hear about communist countries (China and Vietnam) any more. This is because they have already tasted two communist regimes led by the Communists Pol Pot and Hun Sen, the out-and-out lackeys of China and Vietnam respectively. No Cambodian wants a communist regime except for the band of communists (Hun Sen and Pol Pot), because communism has brought them power and wealth.

Cambodia has always adopted a neutral policy (except during the regimes of Pol Pot and Hun Sen) by establishing relations of friendship with various countries worldwide regardless of their political persuasion (liberal or communist). This policy, implemented during the king father's Sangkum Reas Niyum era, is being continued by the present government.

Concerning the Korean issue, Cambodia has maintained diplomatic relations with North Korea since the formation of the legal Royal Government of Cambodia. The Royal Government has never established any bonds with South Korea. King Norodom Sihanouk has asked that Cambodia not establish relations with South Korea as long as he is alive.

The two major parties have recently been at odds with each other. Moreover, a demonstration was held in Paris on 28 April to demand respect for human rights and the Paris accord and in particular the handing over of power to the king to enable him to save Cambodia, which is currently sinking. Now a new event has occurred with the exchange of economic missions between the Kingdom of Cambodia and South Korea.

Hun Sen, the voted-out second prime minister, decided on this matter; the king and first prime minister were kept completely in the dark. Hun Sen's decision truly benefits Cambodia but appears to run counter to the wishes of the king, whom Hun Sen has always vowed to follow. Hun Sen's decision was neither passed by the National Assembly nor approved by the king.

People have noted that the former communists are using the issue of establishing economic ties with South Korea to boost their party's popularity. Taking advantage of the Cambodian people's dislike of communism, these former communists have alleged that Sihanouk has not abandoned the communists because he keeps travelling to North Korea and China.

People anxiously wonder why Hun Sen has repented on the importance of establishing relations with South Korea. South Korea has thrived economically since the 1980's; why does Hun Sen only need them now?

A great many countries — the United States, France, Canada, Australia, and Japan — that are endowed with strong economies and have diplomatic ties with Cambodia have come to seek investment opportunities. Yet because of the unpromising political situation and other problems, these countries have turned to Cambodia's neighbors like Vietnam, Laos, and so on.

All in all, it is not certain that mission-level relations with South Korea can promote Cambodia's economy. There are still a lot of things that should be done — democracy, human rights, the effective reorganization of the leadership structure, the proper use of natural resources — to develop the national economy.

There are scores of countries that have economic and even diplomatic relations with South Korea but are still economically broke and whose people are so poor that they live in the most miserable conditions. Therefore, economic relations with South Korea cannot be considered capable of leading Cambodia toward prosperity in the blink of an eye if the country continues to be led by incompetent leaders who are fond of using dictatorial methods.

Cambodia: Paper Reports Reduction of French Military Aid

BK2205135496 Phnom Penh PHNOM PENH POST in English 17-30 May 96 p 2

[Report by Christine Chaumeau]

[FBIS Transcribed Text] France is ending its support to the paratroop Regiment 911 and scaling down its training of the national military police in a shakeup of its military cooperation to Cambodia.

But the French Embassy in Phnom Penh has publicly discounted the possibility that it will sever all links with the controversial military police, whose officers have been accused of crimes.

The key cuts to French aid to the Royal Cambodian Armed Forces (RCAF) will be to Regiment 911 and to an RCAF officer "retraining" program.

However, France is considering a more ambitious project — the establishment of a military academy to train new officers for Cambodia's air, ground and navy forces.

French Embassy Military Attache Colonel Thierry Le Pelletier said France was reducing its military cooperation because of cuts to France's national budget.

He would not say how much may be cut from France's annual $5 million military contribution to Cambodia; nor would he say how much had already been spent on Regiment 911, the military police and other military programs.

But France would soon withdraw its instructors of Regiment 911 soldiers, with Cambodia taking over responsibility for their future management and training, he said.

911 was formed in 1994, with French and Indonesian support, intended to be an elite fighting force to spearhead the army's campaign against the Khmer Rouge.

About 230 of the regiment's 1000 soldiers were sent to Indonesia for training. A further 400 were trained in Cambodia by French instructors in subjects such as military tactics, hand-to-hand combat, and emergency first aid.

"The regiment is nearly trained," said Le Pelletier. "We think that we have given them impetus to begin. It is the turn of the Khmers to deal with this force."

911, at least some of whose soldiers are understood to have been given guns by Indonesia, took part in this year's dry-season offensive against the Khmer Rouge. In their first key battle, a 57- member squad of the regiment lost ten of its soldiers in an ambush near the Thai border in northwest Cambodia.

Le Pelletier dismissed the possibility that France would also end its support to the national military police, but confirmed it would reduce the unit's French instructors from four to two.

"The Khmer instructors we have trained will keep on teaching the men we have not trained yet," said the military attache.

France has trained about 1,000 out of the 4,500 military police (MP) force since it was formally established in 1994, modeled on the French gendarmerie.

The MPs were intended to be an independent force to police Cambodia's military by investigating crimes by rogue soldiers and ensuring military discipline.

In fact, some MPs, particularly in Phnom Penh, have themselves been accused of crimes and of being used for political purposes.

Allegations against MPs have been reported by Khmer newspapers and Western media.

Last October, heavily-armed MPs were used to forcibly clear thousands of people who attended a controversial Buddhist Liberal Democratic Party congress in the capital .

In January, Minister of Justice Chem Snguon wrote to the Ministers of Interior and Defense to complain about a group of MPs — who he said were loyal to the national military police commander Kieng Savut — who had for years prevented court staff from serving an eviction notice to a Phnom Penh property owner with links to the military.

France itself is known to have sought Savut's removal, threatening to cut its aid to the MPs if he didn't go — a threat it has not enforced; Savut remains in charge.

Publicly, the French Embassy is sticking by the MPs.

"We will keep on working with the military police until the end of 1996 and certainly for longer," said Le Pelletier, adding that France had been involved only "on the fringes" of the MPs.

Le Pelletier said he had never heard of Snguon's letter. MPs may have been involved in some abuses of power, he said, but "no more than" other police, army or customs officials.

He noted that the MPs were not independent from RCAF control, and suggested that was one reason for abuses.

"The Khmers took soldiers, gave them military police uniforms and said 'Here, the military police force is created'.

"From then, we had to give them training in military subject but also on human rights."

Each of the 1,000 military police officers France had traine had received three-months instruction, he said.

Meanwhile, another element of France's military cooperation — the retraining of existing RCAF officers — would soon be suspended, he said.

Instead of continuing such training — which about 1,000 officers had received since 1994 — France was considering establishing an officer training school for new military recruits.

"We will concentrate on the creation of a proper military academy for officers. It will be an academy for the three forces: ground forces, navy and air force," said Le Pelletier.

"We will recruit the students after an examination and teach them general subjects as well as military instruction."

An 18-month course for 80 students, taught by six French officers, was proposed. But no final decision had been made and he did not know how much money France might put into the academy.

France was continuing another part of its military cooperation to Cambodia, the provision of advisers to RCAF administration and logistics offices.

France started its military cooperation, then worth $10 million in 1994.

Since then, it has cut its funding to $5 million a year, out of a total French aid budget for Cambodia of about $50 million.

Cambodia: Ranariddh Supports UNDP Assistance in 1998 Elections

BK2305094996 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 23 May 96 pp 1, 11

[Report by Dararit]

[FBIS Translated Excerpt] Prince Krompreah Norodom Ranariddh, first prime minister of the Royal Government of Cambodia [RGC], has said that he supports the Interior Ministry's proposed request for the UN Development Program [UNDP] to provide technical assistance in the organization of the 1998 elections. The prince added that the technical assistance is very important and that we also need the presence of foreign observers during the free and fair elections in Cambodia.

Prince Krompreah Norodom Ranariddh made the comments to Paul Matthews, the new Cambodian-based UNDP representative, who he received in an audience at his residence on the morning of 21 May.

Matthews said the UNDP would deliberate and respond next week to the proposals of the Interior Ministry and the prince krompreah. [passage omitted on the UNDP envoy's remarks on the agency's activities in Cambodia]

Cambodia: Sam Rangsi Says Editor Murdered by State, Mafiosi

BK2305100096 Phnom Penh MONEAKSEKA KHMER in Cambodian 19-20 May 96 pp 1, 4

[Statement issued by Sam Rangsi, president of the Cambodian Khmer Nation Party, in Phnom Penh on 18 May]

[FBIS Translated Text] Today, terrorism has struck again in Cambodia. It is a terrorism that chooses only journalists and activists of parties opposed to the current regime in Phnom Penh as its targets. It is a terrorism for which the police and courts never find anyone responsible and against which no one dares to testify, despite the hundreds of confirmed political assassinations since the signing of the Paris Agreement in 1991. It is a terrorism which benefits from the complicity and protection of the state when it is not simply ordered and organized by the state, or at least by a small group of communists and mafiosi who lie at its head. This explains why the authorities have not demonstrated any concern or effectiveness in seeking justice for the victims and bereft families, because these crimes were intended to preserve the grip of the totalitarian and terrorist state.

Thon Bunli died for his ideals, for his country, and for democracy. He was the director of ODDAMKEAKTE KHMER and a member of the Steering Committee of the Khmer Nation Party. Unjustly accused by the government and heavily sentenced by the court for having dared to denounce the corrupt practices and power abuses of the country's leaders, he was due to receive a royal pardon at the same time as two other journalists. He was a smiling, courageous, warm-hearted activist who never gave up. He left behind six children, the youngest of which is only five months old.

If the terrorists think that by assassinating Thon Bunli they can intimidate us and curb our legal and peaceful activities for democracy, they are profoundly mistaken. The sacrifice of Thon Bunli will only reinforce still further our determination to push back the dictatorship and to defend still more vigorously the political and moral principles that the communist and the mafiosi ignore but which are upheld and treasured by the entire civilized world.

We appeal to all democrats of the world to condemn the cowardly and vicious assassination of Thon Bunli, which only further demonstrates the totalitarian drift of the present regime in Phnom Penh. We appeal to the international community to no longer believe the fine words and deceitful promises of the leaders of this regime, whether on political matters or in the economic domain, which is now extremely troubled and chaotic. We appeal to donor countries and international institutions to no longer bail out this dangerous regime with unconditional and blind assistance.

[dated] Phnom Penh, 18 May 1996

[signed] Sam Rangsi

Cambodia: Columnist Comments on Ranariddh-Hun Sen Feud

BK2405114396 Phnom Penh ODDAMKEAKTE KHMER in Cambodian 18 May 96 pp 1, 4

[Satire by Kim Samral: "Blind Man and Cripple, Roll Up Your Sleeves and Pull Against One Another in a Tug-of-War!"]

[FBIS Translated Text] In his remarks made on his return from France, First Prime Minister Prince Krompreah Norodom Ranariddh seemed to be making light of the government's political crisis when he readily said he expected there would be talks on power sharing between Hun Sen's Vietnamese People's Party and his royalist FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party. And, provokingly, he appeared to be reminding his listeners about who was the election winner and who was the loser. In so doing, he wished to give the head-strong Hun Sen a warning that he should share power; otherwise his head might get cracked.

As for Viceroy Hun Sen, he too was not to be taken lightly as he repeatedly said that he (Hun Sen) would not sign any agreement to share power with anyone and called for a stop to any attempt to revive the past, that is a cessation of all claims about who was the winner or the loser.

Another matter is that the prince continues to maintain the resolute stance that leaders in Cambodia may have two or more citizenships while Hun Sen is maniacally adamant that Cambodian politicians must give up their foreign nationalities.

We have seen that the partners who for the past two years have been kissing each other's lips three times a day are now calling each other names over the microphone five times a day. In such a situation although the prince has claimed that FUNCINPEC now is internally stronger than ever before, we know that this party is much weaker and is nearing disintegration. Who does not know that the chief FUNCINPEC members have all been neutralized and that the rest have been bought by Hun Sen? We dare say this because we heard some FUNCINPEC members unhesitatingly attack the prince behind his back, using very derogatory terms. This explains why Hun Sen has dared to declare loudly that with or without Ranariddh the pro- monarchy party and the pro-Vietnamese party would continue to move forward hand in hand.

The prince's above-mentioned stern remarks can be described merely as a lullaby that he sang to console and reassure himself in the dark, and to keep some

FUNCINPEC members from deserting him. As a matter of fact, the demand for power sharing will not be easy to meet, especially power at the district level. If you do not believe us, just wait and see; we are not sure that this will happen even during the second term. Do not hold too much hope. We do not support Hun Sen but he is a man who is known never to let anything that he already has in his hands go easily because he is...[ellipsis as received] So, if Hun Sen says no power sharing, he really means it. Hun Sen has said that anyone who dares challenge him will definitely suffer a heavy blow.

We do not know whether the prince krompreah still has any good moves or measures to back the demand for power sharing. If not, the son might possibly have to say goodbye to his father or the father might have to say goodbye to his son. We had already predicted beforehand that they could continue kissing anyone for fun. But if they continue kissing Hun Sen, Vietnamese son of Chamka Mon, they will definitely lose their land and their power. Was that not true? After less than two years of hugging and kissing each other three times a day, the prince lost all district-level power and all prominent party members, and the prince himself nearly lost the courage to return to the country. In the future, it can be said that Hun Sen might even ascend the throne, because even Thailand has a one-eyed king and there is no article in the Cambodian Constitution that prohibits a blind man from ascending the throne.

Suppose Hun Sen definitely will not share district-level power with him, what can Prince Ranariddh do when Hun Sen has already arranged 70 tanks and 10,000 troops in readiness to strangle him? Do not think that the car that unscrupulous trader Theng Bunma gave you is bullet-proof. Beware of Hun Sen! He might put you in the T- 3 jail as he did Prince Kromkhun Norodom Sirivut. Do not expect Hun Sen to be sympathetic. Do you not remember that during the 1975 revolution, it was Hun Sen elements (who were then Pol Pot soldiers) who locked up our king in the Royal Palace!

Another war scene which is a life-or-death factor for the FUNCINPEC is the tug-of-war over the nationality issue. If the FUNCINPEC loses this battle with Hun Sen, it would face disintegration, because more than half of its members on the list are from France, the United States, and Australia.....[ellipsis as received] who hold at least two nationalities. If these members were to be removed from the party because they refused to give up their foreign nationalities, the FUNCINPEC would certainly tumble down!

We do not know when the Ranariddh-Hun Sen partners will break up after quarreling, breaking pots and pans; but we are 100 percent confident that they will break up. But to avoid this unfortunate bustle from affecting our country, the only best way is for all the signatories of the Paris agreement on Cambodia to reopen their accounts through peaceful means. But if Hun Sen is still as stubborn as he is now, only the international community, especially the United States, can provide a good lesson to this Khmer Rouge son, Hun Sen. That would end the suffering of the Cambodian people and ward off all the wicked, traitorous Hun Sen elements who killed over 3 million Cambodians in the 1970's.

We want to make it clear that if Hun Sen insists on being this bold and proud of his tanks, the United States should bring in its warships to defend Asia and the Pacific, and use the international community's peaceful force to settle this problem and to teach him to stop acting big.

Cambodia: Yu Hokkri Caused CPP-FUNCINPEC Political Crisis

BK2305100996 Phnom Penh SAMLENG YUVEAKCHON KHMER in Cambodian 16-17 May 96 pp 1, 4

[Unattributed report]

[FBIS Translated Text] The conflict between the Cambodian People's Party [CPP] and the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party, which is still conspicuous at present, has led the two parties' leaders into hair-splitting arguments.

While Prince Ranariddh accused Hun Sen of refusing to share power at the district level with FUNCINPEC, Hun Sen claimed the problem did not ensue from the CPP.

The cause of the crisis between the two parties has now appeared at the end of the tunnel: It has become known through a diligent inquiry that FUNCINPEC's Co-Interior Minister Yu Hokkri should alone be blamed for the problem.

FUNCINPEC has already prepared and sent a name list of all district officials to the Interior Ministry, but Yu Hokkri did not present the list to the CPP's Co-Interior Minister Sar Kheng. He kept the list secret for the purpose of changing the names on the list at will for money. The long delay in presenting the list to Sar Kheng has brought about failure in implementing the power sharing arrangements.

Neither Prince Ranariddh nor Hun Sen were wrong in this matter because, while the prince was well aware that the list had already been forwarded to the Interior Ministry, Hun Sen did not receive it. The mistake was committed totally by Yu Hokkri, who refused to send the list to Sar Kheng.

Therefore, the only way to allow Hun Sen and Prince Ranariddh to be reconciled as before is to remove Yu Hokkri from his position because it is he who is the main cause of the present state of mayhem that diplomats call a political crisis.

Cambodia: Party Tension Over TV Broadcast Reported

BK2205124396 Phnom Penh PHNOM PENH POST in English 17-30 May 96 p 9

[Report by Christine Chaumeau]

[FBIS Transcribed Text] As tension in the government coalition continues, Cambodia's journalists — particularly those at state- owned media such as Television Kampuchea (TVK) — are finding themselves in the middle of the political crossfire.

In recent weeks, both Prime Ministers and their parties are said to have taken a greater interest in what TVK serves up to the television public.

Hun Sen has called in TVK executives to give them an earful on at least one occasion recently. For instance, it is now apparently TVK policy — at Hun Sen's behest — not to use the phrase "free and fair elections" when referring to the 1993 UNTAC [UN Transitional Authority in Cambodia] election which FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] won.

TVK was also the subject of a peculiar tit-for-tat campaign: Hun Sen, unhappy with one television program he considered overly favorable to Prince Norodom Ranariddh, ensured that a second program more to his liking was screened days later. Ranariddh, in turn, complained to the Ministry of Information about the Hun Sen sponsored program.

It began on April 13 during the Khmer New Year when TVK — for reasons which are still unexplained — rescreened a program it had first broadcast in September. The television show's commentary concentrated on Ranariddh's role and achievements in the coalition government.

"It was a mistake," admitted one TVK journalist on the decision to screen the program during a time of political unrest.

Hun Sen thought so too, calling in at least two TVK executives and the Secretary of State for Information Khieu Kanharit to complain about the program.

At the meeting, Hun Sen is also said to have complained about another TVK show which had referred to the 1993 elections as being free and fair. (Hun Sen has recently revived his complaints of irregularities in the election.)

"He was angry," said Khieu Kanharit of Hun Sen.

He said Hun Sen had complained that the April 13 show depicted him merely as "the King's representative" and "never in his own name."

"Why was there no word on what I have done?" Kanharit quoted Hun Sen as saying.

Kanharit agreed that the April 13 program should not have been put to air, "especially during the Khmer New Year when political tension was high."

Kanharit, from Hun Sen's Cambodian People's Party (CPP), hurriedly set about scripting and producing a new show which was screened twice, April 15 and 16.

The 16-minute-program — Two Years of Achievement by the Royal Government — focused solely on Hun Sen; it did not mention Ranariddh's name once.

The program began with archival pictures of January 7, 1979 when the Vietnamese Army entered Phnom Penh to oust the Pol Pot regime and install a new government which included Hun Sen.

The program praised the work of the Royal Government, "in particular Samdech Hun Sen," in promoting education. It featured footage of Hun Sen opening schools and hospitals, bestowing diplomas to students and meeting farmers at his Krang Yov development center in Kandal.

The program's commentary also referred to the Sangkum Reas Niyum period (1955-1970), and said promises made by the governments of then Prince Norodom Sihanouk during that time were not honored.

On April 26, Ranariddh sent a letter to the Ministry of Information in response to the program.

According to Minister of Information Ieng Muli (BLDP) [Buddhist Liberal Democratic Party], Ranariddh complained that the program had referred only to Hun Sen's achievements. Ranariddh's letter also reportedly complained that the program cast an unfair light upon the achievements of the Sangkum, and called for the people responsible to be "penalized" according to the law.

"We are between the devil and the deep blue sea," said one TVK executive.

"Both sides are upset — both Prime Ministers have the same power and I have to respond to both of them. If the First Prime Minister says something, I have to broadcast it all.

"If the Second Prime Minister says something I have to broadcast it all — even if it's not interesting, I have to broadcast, I cannot cut it," he said.

A TVK journalist said: "It is very difficult to be balanced as the real situation today is that there is only the Second Prime Minister standing in the motherland with the people.

"Everyday, there is only Hun Sen working with the people and so there are many programs on him."

He said TVK has about 100 journalists: 14 from Funcinpec, 10 from BLDP and the rest from CPP.

"There is not really [political] pressure, but as most of the staff are from CPP, naturally their faith in the party remains," said another journalist.

TVK official policy is that it screens, in full, all public speeches by the Prime Ministers which are given to the television network.

Both Hun Sen, and Ranariddh before he went to France, are said to have been on the telephone to Ministry of Information or TVK officials to ensure their speeches got played, or give instructions on how they could be edited.

One member of the National Assembly, who asked not to be named, said he was concerned about the lack of neutrality in Cambodia's state media.

Attacking the April 15 program on Hun Sen as "obviously a propaganda film," he said the Ministry of Information was itself no longer impartial.

"Khieu Kanharit is the strong man in the ministry, which is a CPP administrative machine," he said.

"The election campaign is already open. We are not able to rely on the local press which is in state of anarchy. Only TV and radio remain [a source] of fair information."

Information Minister Ieng Muli said he hoped that a law would be passed making TVK fully independent of government control, but none had been drafted yet.

Noting that both of the main parties had their own TV channels, he said TVK "must no longer be under party pressure."

A board of directors should be able to select the programs which TVK screens, he said.

Khieu Kanharit, however, said it would be "impossible" for TVK to become independent as long as it was owned by the government.

Cambodia: National Assembly To Debate Dual Citizenship 'Soon'

BK2205132596 Phnom Penh PHNOM PENH POST in English 17-30 May 96 p 3

[Report by Ker Munthit]

[FBIS Transcribed Text] The National Assembly will soon be asked to debate the banning of dual citizenships for politicians according to several members of parliament.

The controversial call has been a key issue pitting the Government's coalition partners against each other. The Cambodian People's Party (CPP) is driving the change; while FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] — which has many of its MPs enjoying dual citizenship — has fought against it.

Van Vut, a CPP MP who sits on the Commission of Interior, National Defense, and Investigation, said that the provision banning dual citizenship was proposed by the Commission in April.

Commission members denied that they had voted to insert the provision into the draft law. But they did say that it had been written out on a separate piece of paper and distributed to all MPs for discussion in a full session of the Assembly sometime in the near future.

Pao Bunsroe, a FUNCINPEC MP and the Commission's deputy chairman, expressed his opposition to amending the draft law-which does not at present contain any ban on dual citizenship.

"The cabinet approved the bill and we have no right to change it. I stand on the draft of the Royal Government and I cannot do more than this," he said.

The Commission is made up of four CPP and four FUNCINPEC members, and one from the BLDP [Buddhist Liberal Democratic Party]. It was due to meet again the day after the POST went to press.

On his return from abroad May 13, FUNCINPEC leader Prince Ranariddh — who holds both French and Cambodian citizenships — said that he would not alter his position toward the government's draft.

In a speech last month, CPP leader Hun Sen challenged holders of two passports to relinquish one if they were real patriots.

"We must dare to take responsibility, to live and die with the people. In a position as a Khmer minister or parliamentarian, holding American passport... is downgrading for the nation," Hun Sen said on April 27.

However, Bunsroe argued that being a patriot did not depend on one or two nationalities, but on an individual's conscience.

When asked if he objected to dual citizenship ban, he replied: "It is very comfortable to be an MP here. Where can I run to? Do you think it is easy to live in another country?"

He said that he already bought a piece of land in Kompong Speu to make his own grave.

FUNCINPEC's Ahmad Yahya, who is also a U.S. citizen, considered quitting politics to do humanitarian work if, after its adoption, the nationality law goes into effect immediately with the new clause.

CPP's MP Van Vut said: "I think one nationality is better because dual nationality reflects [an] unclear political position. People will look at that in the election [in 1998].

Cambodia: Paper Interviews Tycoon Theng Bunma

BK2205121296 Phnom Penh PHNOM PENH POST in English 17-30 May 96 pp 19, 20

["Recent" interview with Cambodian businessman Theng Bunma by Jason Barber and Christine Chaumeau in Theng Bunma's office in Phnom Penh; date not given]

[FBIS Transcribed Text] Theng Bunma is angry. He's fed up at the constant attacks on him in the Khmer press, of being labeled a drug trafficker and a mafia kingpin, and he wants the government to do something about it.

"These newspapers are no good. They destroy my reputation," declares Cambodia's most controversial businessman.

He wants the rogue editors to come and have a chat to him, and have their newspapers closed if they don't change their ways, but notes that it is difficult to track down their whereabouts. "If I was really mafia, these people could not get away from me," he exclaims.

For the man who says he started out as a simple farmer-turned-rice trader, the name of Theng Bunma has become a legend of almost mythical proportions in the Cambodian business and political worlds.

Anti-government newspapers regularly lash him with vitriol. Political dissident Sam Rangsi has publicly alleged that if he is ever murdered, Bunma will have had something to do with it. A controversial FAR EASTERN ECONOMIC REVIEW "Medellin on the Mekong" cover story labeled Bunma the "sugar daddy" of Cambodia's leaders.

He has been accused of being a drug dealer, a gold smuggler (he admits being fined by Customs, but says it was all a mistake), a sponsor of political thuggery, not to mention a man who refuses to eat anything not personally prepared by his wife.

His name, according to POST sources in the United States, is on a U.S. Government list of suspected foreign drug traffickers.

But to be fair to the man, not a single scrap of hard evidence linking him to the drug trade has been made public, except an alleged private allegation by former U.S. Ambassador to Cambodia Charles Twining which Bunma says Twining denied making.

Politically, Bunma's contributions to Cambodia's leaders display a deftness at covering his future bets. He bears a Cambodian diplomatic passport, courtesy of his position as an adviser to National Assembly Chairman and CPP President Chea Sim. His company has made donations to Hun Sen, who rides around in a bullet-proof limousine he got from Bunma. When Prince Norodom Ranariddh complained of a lack of transport, Bunma gave him a plane.

As far as he's concerned, Theng Bunma is just a property and construction magnate. His world is one of cement, of owning more property in Asian countries than he knows what to do with, and of "building big."

Of Sino-Khmer heritage, his business history has spanned Cambodia, Hong Kong, Thailand, Vietnam and China. In Cambodia, the interests of his Thai Bunrong Company include the new Regent Park hotel-office complex, the Cambodia Mekong Bank, a Stung Treng plywood factory, the REAKSMEI KAMPUCHEA daily newspaper, and distribution rights for Jet cigarettes. He's considering building a four-lane link road between Pochentong Airport and Phnom Penh railway station.

In October, he took on a new air of respectability and became the public face of Cambodian business when he was elected president of the new Cambodian Chamber of Commerce.

To the newcomer, he appears every bit the part of a top Asian businessman: forthright, excitable and confident, with a touch of ego and a dash of flamboyance.

Slapping a new checkbook down on a desk, he stabs a finger at it and declares he has got a cool $100 million in the Hong Kong checking account. But, as though that's not enough, he says his finances stretch to business deals worth five or six times more than that.

Surrounded by ever-present bodyguards — some wearing police or military police uniforms, complete with automatic rifles and grenade launchers, and others the anonymous dark safari suit — he drives a Lincoln car imported from the United States. He sports a jewel-studded gold Rolex watch and wide-rimmed tinted eyeglasses.

But his offices, on the second floor of the new Olympic Market building, are less lavish than one might expect. His personal office is spacious but spartan: a plain, modern black desk, a sofa and a couple of armchairs; the walls are white, and bare. His staff work in basic offices with cheap furniture.

His choice of work site, in what he presumably expected to be a bustling market-place, may reflect his trader beginnings. But Olympic Market — dogged by controversy when market-holders were evicted from the old Olympic Market and asked to pay thousands of dollars to move to the new, plain white building put up by Bunma — is certainly not thriving.

Most of the neat rows of numbered stalls on the ground floor are unoccupied. The only signs of life on the second floor are the Chamber of Commerce headquarters at one end, Thai Bunrong's offices at the other, and a cafe for their staff. In between are empty, unfurnished offices.

Whatever that says about this business acumen — and clearly Bunma considers Cambodia's economic progress is slower than he desires — you can't help but wonder what Cambodia's reportedly richest businessmen feels as he walks through his near-deserted building to go to work each day.

Aged 55, married with seven children — three in Cambodia, two studying in the United States, one in Thailand and another in Hong Kong — Bunma says he has only a Cambodian passport but has "special rights" to live in Thailand, Hong Kong and China. His passport, he volunteers, bears the name Theng Bunma — no other.

Bunma recently gave the POST nearly two hours of his time, answering questions about his history, his business interests and the rumors that hound him.

He spoke in forthright, hurried tones, while sipping tea, pacing around his office and scanning faxed business documents brought to him by his aides. Frequently waving hands and stabbing his fingers in the air, he angrily denied being anything other than a legitimate businessman.

Brushing aside an easy opening question about his personal background, he spared the niceties and got down to what he knew full well the POST wanted to talk about.

Thumping his fist on copies of two anti-government newspaper on his office desk, he exclaimed: "They say they know what my history is. They say I am mafia and I am a bad man."

Extracts from the interview:

On being attacked by Khmer newspapers

These newspapers are no good. They destroy my reputation and the accuse me of being a bad man. They accuse me of being a drug trafficker. They accuse me of setting up a mafia group. But why do they not disclose proof or evidence?

I do not understand why newspapers write bad things. I sent many letters to the government asking that the newspaper editors come to meet me to discuss this. But we don't know the whereabout of these newspapers. I wrote to [Minister of Information] Ieng Muli and Khieu Kanarit. Personally, I blame the Ministry of Information for allowing these newspapers to operate. In fact, I don't want these newspapers to be closed. I want the editors of these newspapers to provide evidence or write the truth. If I was really mafia, these editors could not get away from me.

In fact everybody has the right to set up newspapers, but you must base your writing on facts. If I was mafia, these persons could not get away...

You know, I do not have a very close relationship with the government. I just sent a letter to the government asking them to take this matter into consideration.

The newspaper claim I have many wives and that I only eat food cooked by my own wife...it's not true.

The Cambodian business climate

Business transactions in Cambodia are going stupid; they are going mad. We have no progress at all...All the foreign companies, for me, if they want to invest in Cambodia, they must come with clear proposals. They ought to consult with the CDC [Cambodian Development Council] and the Ministry of Commerce, about what they want to invest in, how much money they have. It must be clear.

Don't believe in one or two words of our Royal Government or our local traders — all are crooks.

The CDC does not affect our trade but the CDC asks foreign investors to pass throught it first. I'm not saying that [some investors do not go through the CDC] but they must be open [in declaring] "I have one million, two million, or ten million, or twenty million dollars and I want to do this or that business."

Will the current political situation affect investment?

Although it is said that there is turmoil in the government it is irrelevant to me. Certainly, my country of birth is Cambodia but I can walk away from it at any time. For example, if Cambodia endures change — if I'm pleased, I stay but if I'm not, I leave. Nobody can buy me and who can do what to me? In Phnom Penh, I have my construction [work], my assets and I have my people to look after them. By seeing me walk away, don't worry that I run away. There are people who are rightful to claim and look after them.

I don't think that our government will see any major upheavals. [But] I think that politicians must still think about their own future. Not just to do whatever they want to, regardless of the CPP [Cambodian People's Party], FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] and other political parties. Each has to consider the future of the nation. If everyone just comes to destroy, I have no ability to prevent such a thing.

Thai Bunrong's major current projects

I invested more than $70 million in a cement factory and I'm still committed to doing it. I wanted to set up a cement factory in Kampot Province. I also intend to build a road from the railway station to the airport...I have the plan and I'm waiting for experts to conduct a feasibility study on how the road can be built...I've submitted the proposal [to the government].

Is he Cambodia's richest businessman?

I cannot answer this question. For a hotel or a factory, I can put capital in them. Not because I'm the richest [businessman] but because I have the ability to do major projects. Banks trust me and they lend me the money.

His business history

I came [back to Cambodia, after leaving in 1972] in 1988 and in 1990 I had the right to purchase land in Phnom Penh. In 1990, the [State of Cambodia] government returned my citizenship because I was born in Cambodia, in Kompong Cham. My parents were business people in Kompong Cham. My mother lives in Phnom Penh [now]. I left Cambodia in 1972. During the past 20 years and more, I have lived in Thailand, Singapore, Hong Kong and Vietnam. The war forced me to leave. I did not run away from the country like Sam Rangsi said.

[Before 1972] I was a farmer and I became a rice trader. I traded rice in Siem Reap. I had a truck to go buy rice in Siem Reap. There, some of my relatives are still alive and have contact with me. I lived in Siem Reap and Battambang before 1970. I used to run a ricemill in Thmar Puok. I could afford 80-100 trucks [of rice] at a time. I could borrow money from someone else. My stay in Thailand [from 1972] was helped by my previous business links I used to have with Thais. They asked me to do business in Thailand. My business was very good in Thailand. I never borrowed [money] from anyone, but commodity traders would give me loans [of goods]. The Chinese community among the Bangkok people gave me loans.

In 1988 I came to settle in Cambodia. Before that, I traded commodities as import-exports clothes, garments, motorcycles, cars, sugar, flour — these I imported to Cambodia. These goods were imported since 1980 but I never came here myself.

In 1984, my ship transported Red Cross aid like rice to help Cambodia. Then, I also used to come in [to visit]. I saw everything was so strict as the country was communist. I went back and throughout the '80s I was doing business in Hong Kong. I had an import-export office in Hong Kong.

In 1988, I never stayed here, just came and went. Then I imported textiles from Taiwan, South Korea. I sold textiles to Cambodian traders who took them across to Vietnam.

Newspapers report that he left Cambodia for Thailand in 1972 after being convicted of drug smuggling.

Let them find documents...They wrote that the Battambang court sentenced me to 20 years in prison....check with the provincial governor if there is my name.

His contributions to the government

Talking about me giving gifts to the government or the Prime Ministers, [whether it is] appropriate or not, it depends on you, the takers. My view in doing that is that some affairs involve sentiment, involve liking each other. It is not bribery for the Prime Ministers to allow me to do anything. Like Samdech Krompreah, talking about the plane — he had lamented about his lack [of transport]. I bought him [the Kingair-200 plane] to make it easier for him to travel to the provinces. If I'm still wrong in doing so, I don't know what else to say. I did not give it to the individual but to the government to use. Our King, Samdech Hun Son, Samdech Chea Sim call fly in it.

Talking about the bullet proof Mercedes he [Hun Sen] presently uses, it was bought by the CPP. If you want to be clear on this, ask [CPP secretary-general] Mr Say Chhum. He is the one who arranged to pay for the purchase for Hun Sen. I imported that car and he [Say Chhum] sent his people to take it from the customs officials. Did I bribe Samdech Hun Sen with that? I got the money from the party to buy it. For the airplane, Samdech Krompreah asked the government to write a letter to thank me. He and Samdech Hun Sen sent a letter thanking me. Did I bribe them? First, I never paid attention when newspapers published the story [about the plane]. They published the story even without having accurate information. And it's down-grading for our Prime Ministers to be defamed like that. Like the car I bought for Samdech Hun Sen, at that time I was asked to buy not one but three — [for] Samdech Chea Sim and Sar Kheng as well, but I could not find [the other two] to buy. To buy a bullet-proof car, you cannot immediately have it as you wish. Samdech Chea Sim and Sar Kheng wanted one each. I could get only one, for Samdech Hun Sen.

The Nov 1995 FAR EASTERN ECONOMIC REVIEW [FEER] article which reported that Charles Twining had warned the government that Bunma was involved with drugs.

At that time, I telephoned to try to set a meeting with Charles Twining. He said he was busy having meetings because he was to be replaced. When I went to meet Twining, he refused to see me but let his charge d'affaires see me instead. I took a journalist with me. They said they did not want to respond through newspaper. I said he [Twining] had said this and I asked him [the charge d'affaires] if he had any evidence. He said that he [Twining] had not said that. He said if I needed him to clarify something he would write. If he is needed to make a clarification, he would do so for me.

He [Twining] met with Minister of Commerce Cham Prasit and told him that he never said that. Cham Prasit asked him why he did not write a denial if he did not say so. He [Twining] said that he did not want to exchange correspondence with the newspapers and Sam Rangsi. But this is about a meal they had together, where Sam Rangsi told him that I'm involved in the smuggling [of drugs].

The 71 kilos [of heroin seized in Koh Kong in August] is blamed on me. You seize it somewhere and point the finger at me. Why did you not break the necks of those you arrested to dig up evidence [of who was involved]?

Allegations (reported in FEER) that Thai Bunrong has twice been fined for smuggling, including one case involving 104 kgs of gold

Sam Rangsi said I brought in six Mercedes without paying tax. I never had a tax-free Mercedes. I paid full tax on the car I now have. I told my lawyer to check with the Ministry of Finance. The cars were said to be used in arranging security for the King who was due to return to Cambodia [in 1993]. They [the government] owed me for more than a year before they could pay it. The Thai Bunrong Company did import the cars but don't say I smuggled them without paying tax. I say that man [Rangsi] is f***ing [preceding word as published] foolish. He knows nothing. The vehicles arrived before the return of King Sihanouk. The Ministry of Interior approached me for help and I bought them from the United States. For this matter [of the 104 kg of gold in 1993]...check with the Customs Department. I had a license to bring in 1,000 kilograms of gold at Pochentong. The people accompanying the gold had no one to receive them at the airport [Pochentong] upon arrival. They were agitated at the airport, causing suspicion among the customs officials. They searched them and found 104 kilograms of gold. The customs fined me $3112. He [Rangsi?] exaggerated this matter to accuse me of smuggling gold. Wrong information, but I asked him to check the documents at the Customs Department. It was a three percent charge on the tax due — $30 per kilo or $3112 on the total amount of gold. It was our recklessness in not sending somebody to meet those people. They [customs] suspected that we tried to avoid paying tax. They transported the gold to the Ministry [of Finance] without my knowledge. Then they informed me that they had held my people. Reporters wrote that I smuggled gold.

On his citizenship, and that he is on a U.S. Government 'lookout' list of drug suspects

It's just rumor. Why was I issued with a visa to enter the United States [to accompany Chea Sim there in May 1995]?...I have my house in the United States and my children are studying there. So why can't I go there? I don't have Thai, Hong Kong, Chinese citizenship but I have special rights to live there. When the Khmer Rouge took power [1975] I was in Thailand, with a Khmer passport. The Thais said you cannot use that passport....[Thai General] Chawalit, he was a powerful man, in charge of the military and security. He issued me a letter permitting me to stay in Thailand. Now, I use only a Khmer passport. It is in the name of Theng Bunma, no different names.

Cambodia: Khmer Rouge on Tricks To Lure King Back

BK2305092596 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 2330 GMT 22 May 96

[Interview with Tep Khunnal, spokesman of the Provisional Government of National Union and National Salvation, by an unidentified station correspondent; place and date not given — recorded]

[FBIS Translated Text] [Correspondent] Greetings to Your Excellency. Recently, the puppet Chea Sim said that Ranariddh and the puppet Hun Sen should meet and reconcile. Otherwise, the tense situation might lead to an armed confrontation. What does Chea Sim's comment mean?

[Tep] Thank you for the question. First, this guy Chea Sim was ordered by communist Vietnam to make that statement because they are in their death-throes and are suffering the most shameful defeats, both political and military. They are currently performing tricks. Second, there are both threats and perfidious tricks in Chea Sim's language, which was used with a charming girl-faced mask. Nevertheless, they are aimed at one target; that is, they aim to keep Ranariddh and FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] within the two-headed regime as they are at present and to lure the king into returning to their solitary detention.

Chea Sim made his threat using the same language as Hun Sen used at the medical school on 27 April; that is, if Ranariddh and FUNCINPEC withdraw from the two-headed regime, military force will be used to destroy them. There is nothing different, except for communist Vietnam's order for Chea Sim to wear a charming girl-faced mask and use sugar-coated and soothing language and for Hun Sen to wear a Goliath mask. Both of them, however, are the same ghouls devouring human flesh.

[Correspondent] Yes. What do you mean by the perfidious trick carried out using the charming girl-faced mask?

[Tep] Yes. First, it is aimed at luring the king into returning to their solitary detention. As they have arranged for Chea Sim to see the king in Beijing on 24 May, communist Vietnam and the western alliance have ordered him to wear a charming girl-faced mask and to use such soothing language for the purpose of rounding up the king. Second, they have arranged for Chea Sim and Hun Sen to appear differently. While they ordered Hun Sen, the ringleader of the group of gangsters, to threaten people in a blatant manner, they asked Chea Sim to use soothing language so as to deceive some naive people.

[Correspondent] Why do they bark out threats and carry out tricks in such an anxious manner?

[Tep] Their threats are also part of their tricks because they have no more force. Their troops, both commanders and rank and file, have already disintegrated. They are so anxious because they are in their death throes and because they have been strategically defeated on the military front. They are now extremely scared. Besides, they are also frightened by the FUNCINPEC masses' demand that the party withdraw from the two-headed regime, because only the black-toothed communist Vietnamese will remain should Ranariddh and FUNCINPEC pull out of the two-headed regime. Then they will die. That being the case, it can be seen that communist Vietnam and Hun Sen are wildly scared. They have lost strategically on the military front, and they have lost tactically on the political front in Phnom Penh in an agonizing manner.

[Correspondent] In your opinion, what stance should FUNCINPEC maintain?

[Tep] I would like to answer on behalf of FUNCINPEC as a national force and in my capacity as a Cambodian, who is always concerned with others about preventing the killing by communist Vietnam. I believe that, since the situation has evolved to this stage, if Ranariddh and FUNCINPEC falter and yield to communist Vietnam's intimidations, communist Vietnam will kill them. If, however, Ranariddh and FUNCINPEC act differently, communist Vietnam will die. FUNCINPEC will then be able to completely rehabilitate its force because communist Vietnam and its puppets have already suffered the most serious losses, both military and political. The problem concerns whether communist Vietnam and its puppets or FUNCINPEC will die. Communist Vietnam will never compromise.

[Correspondent] What about their threat to shed blood?

[Tep] First, the aggressors, criminals, and gangsters have the habit of using threatening language like that. We will die if we succumb to their threats or intimidations. On the contrary, they will lose and die if we dare to fight them. Experiences from history attest to this. Second, their threat to shed blood shows that they have been agonizingly defeated. They are very isolated, and they have their backs to the wall. Communist Vietnam barks threats like that whenever it is driven to the wall.

Third, they said: Beware of bloodshed. I wish, however, to ask whether or not they are currently shedding the blood of our nation and people. The clear answer is that communist Vietnam and its out- and-out lackey puppets, and later the alliance, have already shed the blood of our nation and people for over 17 years.

The nation and people are in a state of bloodlessness. The blood has flowed down as in a river or canal and has already spread all over the earth. Was not the blood of the FUNCINPEC members and the people who voted for FUNCINPEC and ANKI [National Army of Independent Cambodia] shed in the past? They killed and shed blood before and during the elections organized by UNTAC [UN Transitional Authority in Cambodia]. After the polls and after FUNCINPEC surrendered to them, they continued to kill and shed blood. Even now, they continue every day to ceaselessly shoot, kill, and shed the blood of the FUNCINPEC members and sympathizers and ANKI soldiers in Phnom Penh and provinces. Therefore, to avoid bloodshed, FUNCINPEC should not kowtow and allow communist Vietnam and its puppet to tread on its head. Even FUNCINPEC has already kowtowed and allowed them to tread on its head. They continue to shed blood all the same.

[Correspondent] Your Excellency has said that this guy Chea Sim will go and see His Majesty in Beijing on 24 May. Could you elaborate?

[Tep] The audience by Chea Sim with His Majesty has been arranged by communist Vietnam and the alliance. A few days ago, while the French ambassador saw Chea Sim, the Australian envoy met with Hun Sen. They were seriously thinking over the issue. They were pondering ways to lure the king into returning to communist Vietnam's solitary detention at whatever the cost. This is to enable them to catch everything together.

If the king stays away, this also constitutes a kind of struggle against communist Vietnam and its puppets and encourages FUNCINPEC and ANKI, as well as the king's children, to fight them. On this issue, the masses, in general, have clearly seen that communist Vietnam will neither share power nor compromise, come what may. It only pretentiously and superficially compromises in order to round up and lure the king into its cage and liquidate him.

For instance, while the king and FUNCINPEC leaders travelled overseas recently, communist Vietnam and its out-and-out lackey puppets were terribly scared. So, they ordered Hun Sen to announce a hollow compromise with the aim of rounding up and bringing FUNCINPEC leaders and other political figures in. Once those politicians are in their cages, however, they will be shot and killed with impunity. They shot and killed Thun Bunli, member of the Khmer Nation Party [KNP] steering committee, in the center of Phnom Penh in broad daylight. Who shot and killed him? It was the Vietnamese Dac Cong bodyguards protecting Hun Sen. In addition, they also beat and killed several other members of the KNP led by His Excellency [H.E.] Sam Rangsi.

This is a typical and concrete example indicating that communist Vietnam will not compromise. We should not allow ourselves to be cheated and should not yield to its intimidation. Moreover, communist Vietnam and its puppets are now totally and completely dictatorial and monopolistic. They act despotically with their guns and with communist Vietnamese backing to kill our nation and people and swallow up and turn Cambodia into a second Kampuchea Kraom. Therefore, how can we compromise with them?

The only solution is to continue the resolute struggle against them as [H.E.] Prime Minister Khieu Samphan has appealed. Only with our nation and people standing up to continue the resolute and tenacious self-reliant struggle against them can the communist Vietnamese war of aggression be brought to an end. The people and masses in both Phnom Penh and the countryside continue to struggle to eliminate every kind of enemy administration and to tap all of the enemies' sources for drafting soldiers and militiamen, making them short of troops for fighting. They can only survive with waging war; so, if they can no longer conscript soldiers and militiamen, they will die. It is at that time that the communist Vietnamese war of aggression will end, Cambodia will recover genuine national reconciliation and peace, and our nation and people will reunite.

In summary, there will be no compromise because communist Vietnam is totally and completely dictatorial. The experience of more than 17 years shows that struggle is the shortest and most secure way to safeguard our Cambodian nation and race.

Indonesia

Indonesia: President Suharto Receives French Emissary

BK2305100896 Jakarta KOMPAS in Indonesian 23 May 96

[Unattributed report — received via Internet]

[FBIS Translated Excerpt] Jakarta, KOMPAS — President Suharto has reiterated that the Group of Seven (G-7, made up of the United States, Canada, Germany, Britain, France, Italy, and Japan) must give priority to a spirit of partnership to avoid the exploitation of poor countries by rich countries. Nonetheless, this does not mean that developing countries are resigned to their dependence on developed countries.

The head of state's remarks were disclosed to reporters by Minister and State Secretary Murdiono after he accompanied President Suharto in a meeting with Bruno Durieux, special envoy of French President Jacques Chirac, at the Merdeka Palace on Wednesday (22 May). Chirac is concurrently G-7 chairman. French Ambassador to Indonesia Thierry de Beauce and Nana Sutresna, roving ambassador on Nonaligned Movement affairs, were also present at the meeting.

The minister and state secretary said Durieux conveyed a message from President Chirac to President Suharto. In the message, the French president sought the Indonesian president's views on the G-7 summit scheduled for Paris from 18 to 20 June. President Chirac regards Indonesia as having a crucial role within ASEAN, the Nonaligned Movement, and APEC as well as at the Asia-Europe Meeting that took place in Bangkok some time ago.

According to President Chirac, the Paris G-7 summit needs to give positive direction to the current globalization process. Hopefully, the G-7 will be useful for all parties, developed and developing countries alike.

President Suharto strongly appreciated the views of France as G-7 chairman. "The president believes that globalization should be guided by a spirit of partnership," the minister and state secretary said.

The head of state stressed the importance of the spirit of partnership to avoid the exploitation of poor or developing countries by rich or developed countries. "In addition, the spirit of partnership implies the willingness of developed countries to help poor ones or of "the strong to help the weak." [passage omitted]

Indonesia: Economist Views CN 235-Rice Countertrade With Thailand

96SE0081A Jakarta KOMPAS in Indonesian
6 May 96 internet p 0

[Analysis by Kwik Kian Gie: "The Countertrade System"]

[FBIS Translated Text] An agreement has been reached in principle with Thailand to countertrade CN 235 aircraft for sticky rice. There have been a lot of reactions to this kind of countertrade transaction. Many feel that it is odd that an aircraft with state-of-the-art technology, that was intended to be a source of national pride, is only marketable in exchange for sticky rice, an agricultural product. It leaves the impression and connotation of inferiority that the currency used to purchase an aircraft manufactured by IPTN [Nusantara Aircraft Industry] is just an agricultural product which uses traditional technology. So, the question is: What should we be proud of?

From a purely economic point of view, the currency used for a transaction can be anything, as long as it is optimal. Nevertheless, currency is part of human civilization and culture, the form of which changes along with advances in civilization and culture themselves. So in olden days goods were traded for other goods; this is called barter. Rice was traded for cattle. Peppers were traded for wheat, and so forth. We can imagine how difficult it was. Every time we have surplus goods that we want to trade for goods that we need we have to know in advance who might need our surplus goods. It isn't easy. Even if it is organized into a large physical market place, we can imagine how many people crowd into the market place with a variety of surplus goods which they then wish to trade for goods that they need. They don't need just one type of goods, but very many types. So they have to contact many owners of other goods that are needed and offer their surplus goods for trade. Who says that the owner of the goods needed in fact also by chance needs the goods which a certain individual wants to trade?

So a chain transaction takes place. A needs tobacco and has goats. B has tobacco but doesn't need goats, but rather chickens. C has chickens. By chance C needs goats. So A trades his goats for C's chickens. A then trades the chickens that he now owns for B's tobacco. In this example, only three people are involved. Imagine if millions of people and millions of types of goods are involved. How complicated it would be! Even just to follow these three you have to draw a diagram or the like.

Such complicated and tiring transactions occurred in olden days. Human being quickly found something which it turned out everybody wanted. That was shells. Everybody wanted shells because they had an esthetic value and were rare at that time. So everybody knew that everybody else would always accept shells. Shells became intermediate goods for other goods. Shells became a very common medium of exchange, fulfilling the function of a general currency, or money. After shells became plentiful and had no value, the goods which everybody always wanted kept on changing. Eventually it became silver and gold. After that, it was enough just to have the confidence that everybody would always want the goods which you had. That confidence was provided by the government or a monetary authority. The paper which they printed became money. Paper, which has no intrinsic value, was accepted as a very efficient medium of exchange. It is based on trust, that it will always be accepted by everybody at the value printed on it. That it why it is called fiduciary money.

Given certain situations and conditions, what functions as money can change. Right after World War II cigarettes functioned as money in Germany. In the 1960s in Moscow women's nylon stockings also practically functioned as money. This was because of the severe shortage of those goods and the high rate of inflation of the official, legal paper money. So some people have asked: Are sticky rice and broken grains of rice so rare in Indonesia? No, sticky rice and broken grains of rice are only being used in one transaction. Cigarettes in Germany and nylon stockings in Moscow were generally valid. At that time their money was a mess, but the rupiah isn't.

So, bartering goods, which evolved into paper printed and guaranteed by the state as fiduciary money, is part of the long development of civilization and culture. So we have the feeling: Have we gone back to olden days in our trade practices, exchanging goods for goods. It happens that we need sticky rice and it happens that we have a surplus of CN 235 aircraft, and it also happens that Thailand has a surplus of sticky rice and needs CN 235 aircraft. If that weren't the case, the sale of the CN 235 would be very complicated if it were only based on barter. In any case, if in fact the CN 235 can only be sold by countertrade, it is a complicated and slow way to do so. It has succeeded three times, with the Malaysian Proton Saga, with Korean ships, and now with Thai sticky rice.

B J Habibie, minister of research and technology, explained that it is not true that the CN 235 are being exchanged for sticky rice. The CN 235 are being sold to Thailand for cash and the money is being used to purchase sticky rice from Thailand. If what Minister Habibie says is true, it really is a remarkable coincidence, and in the past it could also have been interpreted as Malaysia making a purchase for cash and the money immediately being used to buy Proton Sagas. The same is true for the Korean ships. Such coincidences can keep on occurring, why not? But this can also be quibbling over details.

Even if the CN-235 and other IPTN aircraft will only be marketable or sell quickly in the future by countertrade, the problem can be solved by selling goods accepted on the international market. They become cash and foreign exchange. This cash and foreign exchange can be used to purchase anything which Indonesia really needs. This method is more flexible and more modern than the method put forth by Minister B J Habibie. Even if they are sold for cash, which is then immediately used to purchase other goods for cash from the party which just purchased the CN 235, by coincidence there must be a reciprocal need for the goods involved. By selling the sticky rice and turning it into cash, we make it modern. Goods are exchanged for goods. The goods are then exchanged for modern currency, i.e., money. Only then do we buy whatever goods and services we really need. The advantage is clear, that is, we don't need to use the entire proceeds of the sale, $34 million, to purchase all the sticky rice. Only part of it has to be used to purchase the sticky rice, part of it can be used for bridges, and part of it for other infrastructure, and so forth.

The question arises of who is to sell the Proton Sagas, Korean ships and sticky rice if what we want is to obtain cash for the sale of our aircraft? Well, it should be organized in a professional way, by establishing a trading house within the state-owned conglomerate managed by B J Habibie, plus one other organization, a trading company which sells for cash every commodity bartered for aircraft manufactured by IPTN. What's wrong with that? Who knows, this trading company might develop into something which is very useful for our exports.

Nothing's wrong with that. It's just more trouble. Why more trouble? Because the job of selling commodities which are countertraded for aircraft is bounced back to us. They don't want to go to the trouble of selling the goods themselves. They're exchanged in whatever form they're in for aircraft made and owned by Indonesia. And we have to make the effort to sell them on the international market.

Whether such countertrade transactions will then in themselves actually be inferior to a system of buying and selling for cash, I don't know.

Indonesia: Students Stage Anticorruption Protests

BK2405120096 Jakarta KOMPAS in English 24 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta, KOMPAS Online — About 500 students, calling themselves the Anti-Corruption and Collusion National Committee, demonstrated in front of the Indonesian Parliament House (DPR) and the Financial Investigation Board (BPK) in protest over the actions of businessman Eddy Tansil and the related actions of Sudomo [former coordinating minister for politics and security and currently chairman of the Supreme Advisory Council], JB Sumarlin [former finance minister and currently BPK chairman], Utoyo Usman [justice minister], and Syahrir [position unknown].

The group began their protest at about 10.30 am at the DPR and then moved onto the BPK building. Their requests to meet with both the Speaker of the House Wahono and Chairman of the BPK JB Sumarlin were rejected.

Written statements were distributed. The Jakarta branch of the Islamic Students Association (HMI), in a statement signed by George Edwin Sugih Arto (chairman) and Ahmad Gazalo Baadilo (secretary), condemned the behavior of prison officials who facilitated the escape of Eddy Tansil.

HMI also demands Sudomo, Sumarlin, Utoyo Usman, and all other associated parties to the Eddy Tansil case resign in the name of political security and stability.

The students wore head bands reading Crush Collusion. Utoyo Usman, who was in a meeting when the protest began, avoided seeing the angry crowd by leaving the building via the backdoor.

After failing to see Wahono, the protesters walked orderly, accompanied by police, to the BPK office. A small scuffle occurred when a photographer from SINAR magazine, Erwin, was struck by a policeman. Erwin and a group of journalist filed a complaint with the head of the Central Jakarta Police, Abubakar, [who] apologized for his police officers behavior.

Because all the gates of the BPK were closed, the protest continued outside the office, causing traffic jams. The protestors, with the assistance of the police, left the area peacefully.

Indonesia: Murdiono: Government Intent on Wiping Out Corruption

96SE0068B Jakarta SUARA KARYA in Indonesian 11 Apr 96 pp 1, 8

[FBIS Translated Text] Jakarta (SUARA KARYA)—Minister of State and State Secretary [MENSESNEG] Murdiono does not deny that there is corruption in Indonesia, but it is not so extensive, let alone rampant. The government has taken many steps against corruption and is indeed determined to eliminate it.

"I feel we need to be truly alert and careful. Do not let such negative opinions hurt our self-confidence and self-respect as a nation. I want to stress that the government is determined to eliminate corruption," the MENSESNEG said in reply to a reporter's question about the results of a survey made by a research group in Hong Kong, Political and Economic Risk Consultancy Ltd. (PERC). He spoke following a welcome for the president of Ukraine at Freedom Palace on Wednesday [10 April].

According to the results of the PERC survey, corruption in Indonesia places third, after China and Vietnam. The research was conducted on 12 countries.

The MENSESNEG said he was surprised and did not yet clearly understand the criteria used by PERC to arrive at the conclusion that Indonesia is third in corruption and that there is cause for alarm.

He asked people to think about whether the charge has basis or not. Murdiono asked that if corruption is so extensive and so rampant, could Indonesia have achieved constant and stable economic growth for a very long time? If it is true that corruption is so extensive, could we have controlled inflation? If it is true that corruption is so extensive, could we have sharply reduced the rate of poverty? If corruption is truly so extensive, could we have conducted social development, such as in education and health, with extraordinary progress? Murdiono posed these questions.

Corruption Exists

The MENSESNEG said that there is indeed corruption in Indonesia. Is the government determined to eliminate corruption? Murdiono then answered the question himself by saying it is clear that the government is determined to do so. "Is corruption so bad in Indonesia, however? We must be careful about this. Again I say, if it is so bad, it would not have been possible for us to achieve the progress we now have," he said firmly.

He noted that the more important thing is that the Indonesian people should not feel that we are a helpless nation, a nation that permits corruption all around it. "We need to be alert. We need constantly to improve ourselves and not lose confidence in ourselves," he said.

The vice president, the MENSESNEG said, has been assigned to lead the handling of monitoring. Meetings are periodically held on monitoring, led directly by the vice president at his office at Merdeka Selatan. The context of monitoring naturally includes monitoring of deviations and corruption.

According to Murdiono, the government has taken many steps in the handling of the corruption problem. The Finance and Development Audit Board (BPKP), for example, can give convincing figures on steps taken by the government. Similarly, the attorney general and the minister of state for administrative reform have made periodic reports to the president and the vice president. The office of the vice president has also provided post office box 5000 for complaints.

Viewed from the aspect of the government's political will, the MENSESNEG said, efforts to eliminate corruption cannot be doubted. "If anyone has information, please send a letter to post office box 5000, and the confidentiality and security will definitely be ensured," Murdiono said.

Figures

When asked whether there are figures on the state's "leaks," Murdiono replied that he did not recall them exactly. Reports from the attorney general and the BPKP have the figures.

As for the impact of reporting, he said that anyone may provide input as a consequence of this era of openness. Murdiono said, however, that the important thing is that such input should be used to improve ourselves and not to cause the nation to lose confidence and consider ourselves a corrupt country. "That is great cause for alarm. We must be alert," Murdiono reemphasized.

When reminded that the respondents to the PERC survey were foreign investors in Indonesia, the MENSESNEG asked in return whether the results of the survey could be faulted, although he said he did not doubt the results. "Again, it is true that there is corruption in Indonesia, but is it as serious as that? I once asked the Second Commission of the DPR [Parliament] if a person could envision that we would be accused of corruption amounting to 30 percent of the APBN [National Budget]. How big a figure would that be? Tens of trillions. Thirty percent of tens of trillions is a big amount. I think that is illogical," Murdiono said.

Indonesia: State Revenues Predicted Hurt by National Auto Project

96SE0068D Jakarta KOMPAS in Indonesian 29 Mar 96 p 2

[FBIS Translated Text] Jakarta (KOMPAS)—F.X. Soeseno, secretary general of GAIKINDO (Association of Indonesian Automotive Industries), says that rough calculations made by the association show that the national automobile project will affect state revenues from automotive taxes and that at least 4.9 billion rupiah will be lost. In addition, the cost of importing vehicles in completely knocked down (CKD) condition will rise by $750 million.

He said this in a dialogue on economic development using the theme "INPRES [Presidential Instruction] No. 2/1966 and Efforts to Develop National Industry," which was held in Jakarta on Thursday, 28 March, by the Center for Information and Development Studies (CIDES).

Soeseno said that if we use the assumption in the plan of PT [Limited Company] Timor Putra Nasional (TPN) that it will produce 150,000 "Timor" cars in three years, there are several effects. First, the exemption from import duties and sales tax on luxury goods, in accordance with INPRES 2/1996, will itself cause a deficit of about 2.1 trillion to 4.9 trillion rupiah in state revenues over three years.

The calculation is that the 65-percent CKD import duty and the 35-percent sales tax on luxury goods collected on sedans will be lost. If these provisions apply to 150,000 Timor cars, with the assumption that the value of each CKD unit is $5,000, the "opportunity cost" will be 4.9 trillion rupiah, as above.

Increased Imports

As for the increased cost of imports, Soeseno added, the calculation is very easy. Each imported CKD Timor car will cost $5,000. Multiplied by 150,000 units over three years, the total is $750 million.

"That means the foreign exchange that must be expended for those imports will be $750 million, or about 1.8 trillion rupiah. This amount does not include investment in the installation of factories and equipment, which must yet be imported," Soeseno said.

Another impact will be a new blow to the market for Japanese automobiles in Indonesia. This automobile market, which has been dominated by Japanese makes, will fall by up to 70 percent.

His analysis is that if in September 1996, Timor cars begin to come on the market at 10,000 units per month, they will total 40,000 units by the end of 1996. Meanwhile, a maximum of only 50,000 sedan sales is predicted for 1996.

If there are buyers for 40,000 Timor cars, that means that there will be only 10,000 buyers for non-Timor sedans. Based on this estimate, the Timor car will control 80 percent of the sedan market in the first year.

The prediction made by some people that 1996 car sales will total 400,000 units must also be corrected because of the presence of the new sedan. Meanwhile, the public still waits. In fact, some people even canceled their commitments to buy when they heard that an inexpensive car would come out. This reduction in the market is projected at 30,000 units, thus making the total maximum market only 370,000 units.

Reduce Production

Meanwhile, sources in the Department of Industry and Trade were interviewed during breaks in the Coordinating Conference on the Metal, Machine, and Chemical Industries, which could be covered only by the electronic media. These sources said that exclusive agents for brand owners (ATPM's) of Japanese cars, plan to reduce their production. This reduction will be made primarily on sedans in the 1,300 cc [cubic centimeter] to 1,600 cc class.

Suzuki, which has been represented by the Indomobil Group, reportedly will reduce production by 20-30 percent, and Toyota will cut its production by about 30 percent. Meanwhile, Honda, which has had only one brand and has operated only in the sedan industry, will reduce its production by up to 50 percent.

This reduction, added an ATPM representative, is merely natural. In other words, these actions are simply steps to balance supply and demand.

Indonesia: Economist Criticizes National Automotive Policy

96SE0068C Jakarta SUARA KARYA in Indonesian 11 Apr 96 p 4

[FBIS Translated Text] Jakarta (SUARA KARYA)—According to a study by the consultancy organization ECONIT [Economic Research Institute], the policy instrument of the national automobile program is truly "haphazard." This is because the instrument does not guarantee significant material for the development of a national automotive industry. In fact, it will merely drain foreign exchange, cut tax revenues, and produce investment uncertainty for foreign investors.

In a special interview with the press in Jakarta on Wednesday [10 April], Dr. Rizal Ramli, the economist who is the driving force behind ECONIT said that the national automobile program is a positive thing and should therefore be supported by many people. However, he said, the instrument being used is absolutely not reconcilable with the program.

"This is because the policy's fiscal facilities regarding local content will merely produce an inefficient automotive industry, while at the same time becoming a burden to the national economy. A policy instrument oriented to local content will not stimulate an increase in national economic capability, because it is not linked to economic efficiency," Rizal said.

In other words, the policy instrument of the national automobile program is inappropriate and misguided. Fiscal facilities that are linked only to local content clearly condition the automotive industry to be oriented inwardly ("inward looking"). The industry will not be encouraged to penetrate export markets. Because of inefficiency in its production process, their products will not be able to compete.

Export Orientation

On the other hand, as demonstrated by many countries, export orientation became the determining factor in the success of their automotive industries. In that context, Rizal said, those governments introduced policy instruments for automotive industry development that clearly were related to economic efficiency.

"Their economic efficiency is measured by the industry's export performance. Thus, their policy instruments for developing their automotive industries were not linked to local content," Rizal said.

At the same time, such export peformance shows the level of use of local content by the automotive industries. The more they use local content, the more their products are able to penetrate export markets. In other words, those industries are efficient because their economic capabilities are indeed on a high level.

It is different with the policy instrument of our national automobile industry. According to Rizal, the level of local content actually makes the industry inefficient. This, he said, is because its economic capability never improves.

This fact is an impact of a national automobile program policy instrument that is not linked to efficiency. For Rizal, this policy instrument is merely a reincarnation of the policy strategy of import substitution, the effectiveness of which is worn out. He said that it will not be a surprise if "when local content goes up, the national automobile will become even more expensive." Because of that, the export market will be harder to penetrate.

This policy instrument for the national automobile program will not simply condition the industry for inefficiency. Beyond that, Rizal said, it will drain much foreign exchange and reduce tax revenues.

An ECONONIT simulation showed that a national automobile production of 166,000 units in the first three years—as proclaimed by PT [Limited Company] Timor Putra Nusantara, the party entrusted by the government with implementation of the national automobile program—will drain about 1.5 trillion rupiah in foreign exchange. That amount will be siphoned off by imports of the completely knocked down (CKD) cars needed to produce 166,000 Timor automobiles. Besides that, PT Timor itself will still import capital goods worth $800 million (1.8 trillion rupiah).

That fact will make the balance of payments problem even more serious. It will be even more so if demand for the Timor car turns out to be very strong because of its relatively low price. PT Timor's pressure on the balance of payments clearly will not be trivial.

Reorientation Needed

ECONIT simulation showed also that a Timor car production of 166,000 units in the first three years will make the country lose a tax potential of 2.1 trillion rupiah. This, according to Rizal, will clearly reduce tax revenues.

"Thus, there is no adequate compensation to the government for the facilities provided to PT Timor," Rizal said. Therefore, he called on the government to conduct a reorientation of policy toward the national automobile program. The policy instrument that is presented, he said, must be one that is oriented to the outside ("outward looking"), which would definitely encourage efficiency.

To that end, the provision of fiscal facilities and other incentives should not be linked to local content, but to the export performance of the plants involved. Also in this regard, Rizal said that these facilities must be provided transparently, without discrimination, and only to companies that meet selective and objective criteria.

Indonesia: East Timor Rebels Down to '180 Poorly Armed Men'

LD2405101796 Melbourne Radio Australia in English 0700 GMT 24 May 96

[FBIS Transcribed Excerpt] The Indonesian military says it estimates the number of pro-independence rebels in East Timor has declined to about 180 poorly armed men.

Brig-Gen [name indistinct], chief of staff of the Udayana military command, which has responsibility for East Timor, says the rebels possess less than 100 firearms. He says the separatists receive support from parties in the region that disagree with East Timor's integration into Indonesia. [passage omitted: Indonesian invasion recalled]

Indonesia: Portugal-Indonesia Group Head on East Timor Youths

96SE0068A Jakarta SUARA KARYA in Indonesian 10 Apr 96 pp 1, 8

[FBIS Translated Text] Dili (ANTARA)—Manuel Macedo, chairman of the Portugal-Indonesia Friendship Association (PIFA) says that East Timor youths who "jumped the fences" of various embassies in Jakarta in order to go to Portugal are merely being exploited by Ramos Horta.

"East Timor youths who have asked for political asylum in Portugal after jumping fences' simply want to travel gratis.' They are simply being exploited by Ramos Horta," he told reporters in Dili at the end of last week.

He said that East Timor youths are merely becoming victims of exploitation by Ramos Horta, for when they arrive in Portugal, they face very difficult social conditions.

"By exploiting the situation surrounding the departure of the youths, Ramos Horta receives money," he stated.

He said that after the East Timor youths arrive in Portugal, their lives are very distressing. The subsidy the Portuguese Government gives them for 10 months is actually enough for only one month.

"They live together, 8 to 10 people in one room, and they do not have work," he added.

Manuel Macedo acknowledged that among the East Timor youths who "jumped fences" and are now in Portugal, several have contacted him for help in returning to Indonesia (East Timor) because of the difficult socioeconomic conditions they are facing.

He said he would discuss such requests with the Indonesian Government in Jakarta. Whether their requests are accepted or not, the East Timor youths showed by their actions that they rejected Indonesian citizenship.

Different

Manuel Macedo said that while the East Timor youths exploited by Ramos Horta are experiencing distressing living conditions in Portugal, the life of the antiintegration leader is very different.

"Ramos Horta recently bought an apartment in the most expensive and elite location in Portugal, in an area called Lapa," he said.

The Lapa area is where big, rich Portuguese businessmen live.

Manuel Macedo also said that Ramos Horta has not helped even one East Timor youth. In fact, he has also not helped prominent East Timor figures who are in Portugal.

"It is the PIFA that has provided much help and has given subsidies to the East Timor community, and there are some people who have been able to finish their studies in law," he said.

Challenged

Manuel Macedo said that he "challenged" the press to observe the reality in Portugal.

"I challenge you to observe and report the reality in Portugal," he said.

In Portugal, he said, there is hunger and poverty, which unfortunately are not reported by the Portuguese media. RTP [Portuguese Radio and Television] International, so that people in East Timor can know.

He said that a factory closes every year and that there are about one million unemployed. There are even workers who have not been paid for six months.

Citing the case of the "1959 Viqueque Movement" fighter, Evaristo da Costa, who lived in Portugal for decades and is now in Indonesia, he said that the Portuguese Government has not paid any attention to him.

"Because he did not receive decent housing, he returned to East Timor," Manuel Macedo said.

Indonesia: Suharto Opposed to Creation of New Political Parties

BK2405075996 Jakarta KOMPAS in English 24 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] Jakarta, KOMPAS Online — President Suharto appealed to all parties to uphold the nation consensus which has legitimized existence of three social political parties.

The chairman of the Indonesian Workers Development Group, Abdul Gafur, on Thursday (23 May), told journalists of the president's reluctance to have a new party. According to the former minister of sports, the president said that the issue of freedom was covered in Chapter 28 of the 1945 Constitution. If it has been determined under the Constitution, then it must be obeyed, Abdul Gafur quoted the president as saying.

This legislation covers issues regarding social political organizations and public organizations. A strength of the New Order is to always remember the national consensus. The president remembers that previously there were nine parties that were not regarded as being capable of guaranteeing national stability during the New Order's struggle. Based on consensus, three social political were born, Gafur said.

According to Gafur, the president acknowledges the existence of groups which try to apply the thoughts of others, namely Western- type thought. This group, the president believes, is trying to expand on Western democracy and not Pancasila democracy. The president said that the majority of Indonesians are loyal to the Pancasila and the 1945 Constitution. But there are small groups who adopt foreign ideas so we hope to open a discussion with them (these groups), said Gafur.

The president recognizes the shortcomings of development but argues development must continue and improvements must be made together.

Although the President did not mention who these small groups were, Gafur said identification was obvious. In the period leading up to the 1997 election, they had formed opposition groups to the official Election Monitoring Board. And they also want to form a new party, he said.

Gafur said these small groups comprised of intellectuals. Therefore, any dialogue with them had to be well thought out.

Philippines

Philippines: Agenda for APEC Officials Meeting Revealed

BK2305090096 Manila PNA in English 0728 GMT 22 May 96

[Report by Johnny C. Nunez — received via Internet]

[FBIS Transcribed Text] Manila, May 22 (PNA) — Senior officials of the Asia-Pacific Economic Cooperation (APEC) Forum inaugurates in Cebu today a high-technology information management system that will be of vital help to all the 18 APEC-member economies.

Foreign Affairs Undersecretary Federico Macaranas told a press briefing at the Shangri-La Mactan the system will enable APEC to communicate conveniently to all its members.

Macaranas chairs the APEC second Senior Officials Meeting (SOM II) that opens in Cebu today. The inauguration of the electronic-based technology will highlight the SOM II opening.

Aside from receiving action plans by its member economies, SOM II will also discuss the use of APEC Action Reporting and Monitoring System (ARMS), a software developed by the Philippines designed to facilitate reporting and monitoring of the preparation and submission of plans.

As APEC summit host in November this year, the Philippines has to process over 1,500 individual, common, and multilateral reports which will be consolidated to form the Manila Action Plan for APEC 1996 (MAPA '96).

The MAPA '96, which the APEC summit will adopt in Subic, will implement the 1995 Osaka agenda towards realizing the goal agreed in Bogor in 1994 which is free and open trade with industrialized members by 2010 and developing economies by 2020.

The four-day SOM II will also tackle updates on projects of APEC working groups and reports on developments on Individual Action Plans and collective actions.

SOM II will likewise discuss issues on food, private sector participation, organizational structure, and budget.

APEC group includes Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Singapore, Philippines, Thailand, Taiwan, and United States of America.

Philippines: Official: Subic Ready for APEC Leaders' Summit in Nov

BK2405091896 Manila PNA in English 1451 GMT 23 May 96

[Report by Manuel S. Satorre, Jr. — received via Internet]

[FBIS Transcribed Text] Lapu-lapu City, May 23 (PNA) — Subic will be ready to host the 18 heads of Asia-Pacific Economic Cooperation (APEC) member countries and their respective delegations for the APEC Economic Leaders' Meeting (AELM) by November 1996.

Such is the assurance made by retired Gen. Lisandro Abadia, APEC Deputy Director for General Logistics and Finance, in a press briefing held Wednesday at the Mactan Shangri-la Hotel in Lapu-lapu City.

The Senior Officials Meeting II opened Wednesday to tackle economic and social issues that will lead to recommendations for adoption by the ministers of APEC member economies in November.

According to Abadia, a full security contingent of over 2,000 will be fielded to secure Manila and Subic for the November meeting.

The Subic Bay Metropolitan Authority (SBMA) will play host to the leaders of the member economies participating in the meeting.

Subic was chosen site for the leaders meeting for showing unprecedented progress and development following the withdrawal of United States troops there.

Under the able stewardship of SBMA Chairman Richard Gordon, Subic has been transformed into a haven for businessmen seeking investment opportunities that meet the 21st century requirements of the global business arena.

Gordon has been quoted as saying: "It's a measure of how far this country has progressed in the past few years. It's a public relations coup for the country."

In addition to heads of economies, advisors, assistants, negotiators, and hordes of journalists from all over the globe are expected to participate in the Subic meeting. To accommodate them, work is underway for the construction of 18 villas which will house the presidents and prime ministers, and the rehabilitation of conference and recreational facilities inside Subic, Abadia said.

No government funds will be used for the project as the private sector has taken the lead in the projects on a Build-Operate-Transfer (BOT) arrangement.

Building of a five-star hotel with a 164-room as well as a complex that will have a marina for yachting enthusiasts, a park, a condotel, and restaurant facilities is also underway, together with the rehabilitation of the airport terminal.

A separate villa which will serve as a high-tech media center is also in the offing.

An APEC Village will rise at Cubi Point where other attendees will be housed for the duration of the summit.

Three former barracks are being renovated into hotels to serve the purpose.

Surprisingly, the government's expenditure for these projects will be minimal since some of the existing facilities will be used and the rest will be privatized.

Most of the villas will be converted into first-class vacation sites after the conference.

With hundreds of expected participants from all over the world, SBMA authorities are making sure security receives top priority, Abadia said.

Sophisticated security equipment will be used while special training and programs for security forces are being conducted to boost present capabilities, he added.

Subic is a major tourist destination, but more than that, the former military base boasts of a type of community spirit that goes beyond borders of nationality, language, and culture with a commitment to making Subic a haven of friendly competition and productive cooperation.

Abadia said the Philippine National Police (PNP) forms the security task force for the Subic meeting.

Called "Task Force Subic," the team will be primarily responsible for public safety around the free port.

Philippines: Ramos Grants Amnesty to Rebel Soldiers

BK2405091396 Manila PNA in English 1451 GMT 23 May 96

[Report by Ruben B. Cal — received via Internet]

[FBIS Transcribed Text] Manila, May 23 (PNA) — President Ramos has issued Proclamation No. 723

granting amnesty to rebel soldiers, buttressing further peace and stability in the country.

The amnesty covers members and supporters of the Rebolusyonaryong Alyansang Makabansa [Revolutionary Nationalist Alliance]-Soldiers of the Filipino People-Young Officers Union (RAM-SFP-YOU) who have or may have committed crimes against public order, violation of the Articles of War, and other crimes committed in furtherance of political ends.

These soldiers and their supporters participated in a series of coups against the government.

The amnesty proclamation issued by the president last May 17 shall take effect upon concurrence by a majority of all members of Congress.

A mutual list will be drawn by the government and RAM-SFP-YOU as to who will be included in the amnesty covering the period from February 22, 1986 to December 23, 1992.

Under this proclamation, the amnesty shall extinguish any criminal liability for acts committed in pursuit of belief, without prejudice to the grantee's civil liability for injuries or damages caused to private persons whose right to be indemnified is fully recognized.

The president said "the grant of amnesty shall also effect the restoration of civil or political rights suspended or lost by virtue of criminal conviction."

Persons who are not in the list may apply for amnesty as may be provided under Proclamation No. 347 dated March 25, 1994, as amended.

The president also said that no condition shall be imposed for the grant of amnesty to those found to be qualified.

Amnesty applicants will have 60 days from notice of individual manifestations accepting the grant.

The granting of amnesty to former rebels is part of a comprehensive peace process undertaken by the government to ensure political stability in the country.

Philippines: Military Reports MILF Intensifying Attacks in South

BK2405091696 Manila BUSINESS WORLD in English 24 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The Armed Forces of the Philippines [AFP] yesterday reported that attacks by the Moro Islamic Liberation Front [MILF] in the area of Sultan sa Barongis, Maguindanao has intensified.

A report by the Southern Command said the latest attack by the MILF happened last Tuesday in Maguindanao. MILF troops numbering more than 100 attacked a military detachment of the 11th Infantry Battalion at Barangay Kulambog, Sultan sa Barongis a few minutes after midnight. The report said the troops fought the rebels for about 40 minutes before the latter withdrew. No casualties were reported on both sides. A second encounter occured on the afternoon of the same day.

Reports said the MILF tried to ambush policemen and elements of the 61st Infantry Battalion who were proceeding to Barangay Poblacion to confirm reports that a number of suspected kidnappers were under the protection of an MILF commander. A 40-minute firefight resulted in the wounding of a police officer and the killing of a MILF regular. The police said they were able to capture one MILF member. Sources at the AFP said the MILF has already started a campaign to retake Camp Digaden, a former MILF camp.

Philippines: Communists Want To Unite With MNLF

96SE0076A Jakarta KOMPAS in Indonesian 16 Apr 96 p 7

[FBIS Translated Text] Manila (KOMPAS)—Philippine communist guerrillas are exploring combined armed opposition with the Moro National Liberation Front, which is involved in peace talks with the government. The proposal was submitted following the bombing in Zamboanga and the fight between government troops and the Moro faction at Cotabato.

A statement signed by Armando Liwanag, nickname for Jose Maria Sison, leader of the Philippine Communist Party in exile, said, "The increased armed opposition by the Moro people has created conditions supportive of expanded and intensified armed revolution by the New People's Army (NPA) on a national scale."

According to KOMPAS assistant Barbara Mae Dacanay in Manila, Sison and MNLF leader Nur Misuari were once schoolmates at the University of the Philippines in the late sixties. Misuari was once an "affiliated member" of the Communist Party, because it was a widespread progressive group at the university at that time.

Sison stated the hope of the NPA, which has mounted armed opposition in outlying areas of the Philippines for 27 years, that it can combine with MNLF guerrillas, which have been at war during the same period.

He said that his proposal was good, not to say the best, because of the inability of government negotiators and Misuari to conclude an agreement on combining MNLF guerrillas and government troops.

Earlier, in an exclusive interview, Misuari said, "I do not reject the possibility that in the future we will have contact if they (the communists) are able to improve their organization."

"Previously we were not able to integrate our revolutionary policies. We tried to convince them to recognize the right of self-determination and independence, but they were very weak on that matter. Therefore, we lost contact with them. Now, we have almost no contact with them," Nur Misuari said when asked about his relationship with the Philippine Communist Party and the basic differences between it and the MNLF.

NPA strength has fallen to 5,000 personnel from 25,000 nine years ago. The group is now strengthening itself after the collapse of the leftist movement in various parts of the world.

Misuari wants 10,000 MNLF guerrillas to combine with the Philippine Armed Forces. Another 20,000 would strengthen the Philippine national police if peace talks are successful.

Philippines: Ramos Restates Desire To End Term in 1998

BK2305050596 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 22 May 96

[FBIS Translated Text] President Ramos has reiterated that he has no plans to remain in power beyond 1998. The president made this announcement to counter allegations that he is involved in renewed attempts to amend the Constitution.

[Begin Ramos recording, in English] I dissociate myself from these moves sometimes attributed to me, which I disclaim, sometimes attributed to other groups. Whatever that may be, these are opinions and moves by those other (?three) people, speculators, investors, with whom I do not associate myself. And I will say it again: I will be happy to end my term in 1998. [end recording]

On the other hand, Senator Ernesto Maceda has expressed support for the proposal that President Ramos runs again for presidency in 1998. He added that the opposition will have a hard time to win if they fail to find even one candidate.

[Begin Maceda recording in progress, in English] ...exercise if three or four of them will be running at the same time, especially if it happens that Ramos will be qualified to run again. [end recording]

Thailand

Thailand: U.S. Import Ban Closes Prawn Plant

BK2405101496 Bangkok BUSINESS DAY in English 24 May 96 p 4

[Report by Editor Julius Gorman]

[FBIS Transcribed Text] Food-Processing Company Aquastar announced yesterday it was closing its export-driven Songkhla frozen prawn plant. Some observers said they believed the decision was a result of a tough new U.S. clamp on prawn imports.

Earlier this month a U.S. court's decision to ban shrimp imports from 53 countries became effective. The case was brought by the Earth Island Institute against shrimp exporting nations the institute deemed not to be doing enough to protect sea turtles.

Market watchers said it was ironic that non-listed Aquastar was the first company in Thailand to succumb after the environmental lobbies' pressure, as it is an affiliate of U.S.-based Tarlton Aquastar and heavily reliant on access to the U.S. market. Aquastar however denied the U.S. clampdown was the reason for the closure.

In the U.S., Tarlton Aquastar installs giant aquariums in shopping malls under the Underwater World brand, although the Earth Island Institute has yet to train its guns on companies incarcerating marine life as a public spectacle. While major shrimp exporting companies have been able to circumvent the U.S. ban by obtaining Fisheries Department certification that their exports are raised in environmentally-friendly ponds, Aquastar said in a statement the plant operated by Aquastar Foods "will be permanently closed down effective May 22."

Aquastar's management are currently in Songkhla at the company's factory in Ranot District supervising its closure, and were unavailable for comment yesterday. A spokesman at the firms' Bangkok office confirmed redundancy pay would be paid to about 500 employees expected to lose their jobs.

According to a statement, the factory is being closed because of disease and high raw material costs, and is unrelated to the U.S. ban. "The plant's close-down is a consequence of severe, widespread shrimp diseases which have caused tremendous damage to shrimp farmers both in Thailand and overseas, and coupled with the soaring price of shrimp the company can no longer operate its production line" the statement said.

"This also directly affected the shrimp processing and frozen food industry — in Aquastar Foods' case, the shortage of black tiger prawns also forced the company to temporarily close down the plant in mid-April.

Thailand: Government Opposes Linkage of Environment to Trade Laws

BK2305072896 Bangkok BANGKOK POST in English 23 May 96 p 15

[Report by Somphon Thapanachai and Peter Maitri Ungphakon]

[FBIS Transcribed Text] Thailand is opposing separate proposals from the European Union and New Zealand to amend international trade laws to allow trading rights to be withdrawn for environmental protection purposes.

The proposals have been discussed by a committee of the World Trade Organisation [World Trade Organization] dealing with the environment and trade. They could be among the more controversial issues at the WTO's first ministerial meeting in Singapore in December.

The EU wants to add environmental protection to a list of exemptions from the trading rights normally guaranteed under the General Agreement on Tariffs and Trade (GATT) the principal WTO document governing trade.

Brussels' proposal is designed to make clear that trade sanctions approved under various international environmental agreements would not violate GATT, for example the Montreal Protocol dealing with the use of chemicals that destroy ozone in the atmosphere.

The exact legal relationship between GATT and environmental agreements remains unsettled. But according to WTO officials dealing with environment, and trade, expert opinion takes the view that countries voluntarily signing other documents such as the Montreal Protocol have agreed to waive their rights under the WTO for the products covered by the environmental pact.

In other words one country that has signed an environmental agreement can impose sanctions prescribed by that agreement against another country that has also signed, even if the sanctions would normally violate GATT.

The biggest problem would arise if a country that has signed an environmental agreement imposes sanctions against a country that has not, WTO officials say.

There is also uncertainty about the means of settling disputes: whether to use the settlement procedures of the WTO or the environmental agreement.

Thai Commerce Ministry officials say the EU's proposal is designed to deal with all three issues: to allow any environmental agreement to supercede GATT, to allow signatories to the environmental agreements to take actions against countries that have not signed, and to hand dispute settlement over to the environmental agreement.

New Zealand is proposing a slightly different route to the same end, for WTO members to issue an "understanding" that endorses environmental agreements without amending GATT itself.

Thailand opposes both moves on the grounds that lengthening the list of GATT exemptions would allow more controversial exemptions to be proposed. In particular, it fears that violation of labour rights or other social issues could be cited as reasons for withdrawing GATT rights.

A Thai source said Thailand preferred the application of a different GATT article that would require each country to seek permission to withdraw trading rights on environmental grounds. Each request would need the backing of three-quarters of WTO members.

Also likely to be on the WTO's agenda for Singapore is a proposal on "eco-labelling" — regulations that require products to state whether they have been produced in environmentally-friendly ways.

The proposal is one of the most divisive of all the issues linking environment and trade in the WTO. Currently, the WTO only allows members to ban imports of products that are considered dangerous or contaminated.

At the same time, Thailand is supporting a proposal to strengthen rules allowing the prohibition of exports that are banned on the domestic markets of the exporting countries.

Thailand: ASEAN, Mekong States Agree on Development Group

BK2405101196 Bangkok THE NATION in English 24 May 96 p A8

[Report by Kunlachada Chaiphiphat]

[FBIS Transcribed Text] Langkawi — ASEAN and Mekong states agreed yesterday to form a core group aimed at developing the Mekong area. The initiative is seen as an attempt by ASEAN to attain a collective approach to the region's development.

The agreement was reached yesterday at the first meeting of ASEAN and Mekong states' senior political and economic officials, under the chairmanship of Malaysia, which was assigned by the grouping's leaders last December to coordinate the initiative.

Meeting chairman and Malaysian Foreign Ministry Permanent Secretary Tan Sri Ahmad Kamil Jaafar said senior officials agreed to recommend to their foreign ministers that the group will initially include the seven ASEAN countries plus the Mekong states of Cambodia, Laos, Burma and China.

The Malaysian official said, however, that expansion of the core group will be decided by the 11 foreign ministers when they meet on June 17 and 18 in Kuala Lumpur.

Speaking at a press conference after the meeting, Kamil Jaafar said the political and economic officials attending the meeting will form a steering committee for ASEAN and Mekong basin development to coordinate work programmes to be initiated by member countries.

He said Malaysia is a leading force behind the scheme. "This is an ASEAN initiative and Malaysia was asked by the grouping's leaders to be the coordinator," he said.

Suwit Simasakun, director general of East Asian Affairs [Department], said the forum would be complementary to Thailand's economic initiative concerning the Mekong sub-region and the first attempt by ASEAN at a collective approach to the development of the Mekong basin, which previously was left to individual members.

The delegate said this is the first time ASEAN will have its own plan for development of the basin. "Before, we had piece meal projects initiated by donor countries. Now we will have our own," the official said, asking not to be named.

Yesterday's meeting, however, failed to find a cooperation framework since Malaysia has to revise its draft concept paper to accommodate views and comments from other delegates.

Kamil Jaafar said the meeting reached a broad agreement that a cooperation framework would give priority to projects with regional dimensions that include ASEAN and non-ASEAN Mekong states, and take a comprehensive approach to the regions' development that would affect other Southeast Asian countries. He said the goal was to help achieve the economic integration of Laos, Cambodia and Burma into the ASEAN family.

He said it must still be worked out how to avoid duplication of other development frameworks, but all participants have agreed on broad areas of cooperation to include fisheries, agriculture, infrastructure, tourism, human resource development and industry.

Kamil Jaafar said Mekong states in particular have been asked to compile priority lists and submit them at the second senior officials' meeting to be held on June 14 and 15 in Kuala Lumpur.

The ASEAN Secretariat was asked to gather information about existing projects undertaken by the Asian Development Bank, the Japanese-sponsored Forum for Comprehensive Development of Indochina, and the Mekong River Commission, among others.

Kamil Jaafar said the identification and selection of joint projects will come at a later stage after ASEAN leaders meet to endorse a framework of cooperation. He admitted that the Malaysian proposal for a development of a railway network from Singapore to Kunming in Southern China and a trans-national gas pipeline have received strong interest.

A Singaporean delegate said there were no fundamental differences over the concept paper, but some countries, including Singapore, viewed that the framework needed to be very inclusive in terms of area cooperation and participation.

But Kamil Jaafar said the inclusion of donors and the private sector, which will eventually become the driving forces behind the scheme, will be necessary since this scheme needs enormous institutional and financial support from outside and the magnitude of some of the projects requires expert help.

He did not rule out the future participation of Japan, South Korea, European countries and lending agencies such as the Asian Development Bank and the Forum for Comprehensive Development of Indochina.

Thailand: Deputy Premier, PRC's Zhu Rongji Hold Talks

BK2305091196 Bangkok XIN ZHONG YUAN RIBAO in Chinese 18 May 96 p 16

[Unattributed report]

[FBIS Translated Text] Visiting Chinese Vice Premier Zhu Rongji, who is in charge of financial and economic affairs, held a joint meeting with Deputy Prime Minister Amnuai Wirawan on 17 May. The meeting was a great success.

During the meeting, the two sides discussed primarily the ways to strengthen their economic, trade, and financial cooperation. Deputy Prime Minister Amnuai suggested that Bangkok Bank, which is led by business tycoon Chen Youhan, act as a core in cooperation with other ethnic Chinese-run financial institutions in the region in setting up a bank in China in order to strengthen financial cooperation between Thailand and China and other countries. Vice Premier Zhu Rongji attached great importance to this, describing the idea as a constructive suggestion. He said that this is very important for the enhancement of the prosperity of regional financial circles. He said that he would pay attention to the suggestion and try to push its implementation.

At the same time, Vice Premier Zhu Rongji told Deputy Prime Minister Amnuai that he hoped that the Bank of China's representative office in Thailand can be upgraded to branch status as soon as possible. Deputy Prime Minister Amnuai held that this proposal has great benefit for the strengthening of bilateral economic and financial cooperation. He said that he will try to achieve this as long as he is in his position. All in all, the Chinese and Thai vice prime ministers, who are in charge of economic and financial affairs, shared identical views on the objectives of pushing bilateral and regional economic, trade, and financial affairs to a new level.

Yesterday's meeting also touched on communications cooperation, especially regarding the opening of Thai Airways International's routes to Xishuangbanna and Shantou. Details of the matter will be discussed by relevant officials in June. The problem concerning satellite frequency interference will also be discussed during the June meeting between their respective communications permanent secretaries.

Regarding the Mekong River development among China, Laos, Thailand, and Burma, China expected that the project will be implemented as soon as possible.

China is also interested in large construction projects in Thailand, such as a deep seaport, an underground train network, waste water treatment, and large bridges. The Chinese side wants Thailand to support its bids for the construction projects.

Thailand: Banhan Outlines Spending Plans for 1997 Budget

BK2305042296 Bangkok BANGKOK POST in English 23 May 96 p 3

[Unattributed Report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha yesterday outlined his expenditure plans for the 984,000 million-baht budget for fiscal 1997.

Reading from a script to the House on the first day of a three-day debate, Mr Banhan said a balanced budget was prepared in proportion with the country's treasury amounting to 356,863 million baht as of last month and a 39,000-million-dollar reserve, while economic growth was estimated to rise to 8 percent and the inflation rate to 5.1 percent next year.

The 984,000-million-baht budget marked an increase of 140,800 million baht from the previous fiscal year, or 16.7 percent. Of the entire amount, 423,759 million baht, or 43 percent, will go to investment programmes.

Spending 70 minutes on his prepared speech, Mr Banhan claimed the Budget Bill would be drawn from 888,336 million baht worth of collected taxes or 90.3 percent, plus 4,309 million baht worth of sales and services, 55,500 million baht worth of state enterprises' remittances and 15,856 million baht from other incomes.

According to the Prime Minister, the 984,000-million-baht budget could be broken down as follows:

— 216,318 million baht for education for 18 million people. Mr Banhan promised the nine-year compulsory education would be extended to 12 years in the near future. This includes 10,950 million baht for educational loans.

— 86,164 million baht for public health programmes, including 8,520 million baht to supply clean water to villages countrywide, 3,910 million baht to supply milk to 3.9 million children before and during preliminary education, and 4,000 million baht to provide schoolchildren with free lunches.

— 8,190 million baht for skill development and social welfare programmes under which a skill development centre will be set up in every province for 244,000 people.

— 11,280 million baht for construction of asphalt roads into all villages covering a combined distance of 8,000 kilometres, plus 29,400 million baht for roads between villages, tambons [sub-district] and districts covering 17,340 km.

Thailand: Action Against Fake Products Jan-Apr Reported

BK2205114896 Bangkok SIAM RAT in Thai 22 May 96 p 8

[FBIS Translated Excerpt] According to Narongsak Phichayaphanit, deputy director of the Intellectual Property Department, the suppression of violation of foreign intellectual property rights during January and April resulted in 438 arrests and the confiscation of 51,231 items. The majority of violated products were music tapes and videotapes. Narongsak noted that there were 1,781 arrests in 1994, involving the confiscation of 1,396,327 articles. There were 1,339 arrests in 1995, resulting in the confiscation of 293,196 items. [passage omitted]

Thailand: Journalists on Government Attempts To Restrain Media

BK2305030996 Bangkok BANGKOK POST in English 23 May 96 p 1

[Unattributed Report]

[FBIS Transcribed Text] The Reporters' Association of Thailand yesterday said the Government has tried to restrict press freedom by preventing newspapers from reporting public sentiment over the forced closure of the recent censure debate.

The charge, made in reference to warnings issued to six newspapers on Monday by Special Branch Bureau press officers, came in a statement released by the association yesterday.

Five dailies — THAI RAT, MATICHON, NAEO NA, SIAM POST, KRUNGTHEP THURAKIT, and MATICHON WEEKLY were rebuked for using "provocative" language in reports about the Government's forced early closure of the censure debate on May 10.

They were also asked to be more careful about their headlines.

According to the association, the press has only performed its duty in reporting public opinion on the issue.

Thailand: SIAM POST Receives Warning Letter From Press Officer

BK2305095096 Bangkok SIAM POST in Thai 23 May 96 pp 1, 16

[Unattributed report]

[FBIS Translated Excerpt] Police Department—In his capacity as the Bangkok press officer, Police Major General Phat Chaksurak, commander of Police Special Branch Division 2, sent a letter on 20 May to the chief editor of the SIAM POST warning against the dissemination of inappropriate statements apparently detrimental to public peace and order in violation of Article 36(1) of the Press Act of 1941.

The chief editor of the SIAM POST was cautioned not to repeat the offense.

The letter quoted the headlines published in the 11 to 14 May issues of the SIAM POST as using the following words: "Disgrace. Cowardice. Premature Closure of the Debate To Save Banhan From Being Grilled. People Demand the Ouster of the Tyrannic Government. Students Federation of Thailand Calls For the Ouster of the Regime. Do Not Dissolve the Parliament and Run Away. Chat Thai Struggles To Reshuffle the Cabinet To Relieve Pressure From the People."

Meanwhile, four other papers, namely THAI RAT, MATICHON, MATICHON WEEKLY, and KRUNGTHEP THURAKIT, also received similar warning letters for using inappropriate language while covering the no- confidence debate in the House of Representatives from 10 to 14 May. [passage omitted]

A source in the Police Special Branch disclosed that the warning letters were issued after a meeting of the press control committee, and not at the instruction of Prime Minister Banhan Sinlapa-acha in his capacity as the interior minister.

Rejecting the criticism by a former commander of the Police Special Branch, the source said that the press control committee was merely doing its duty in enforcing the law to ensure public peace and order, since the inappropriate use of language can lead to unnecessary political turmoil. [passage omitted]

Thailand: Premier Denies Telling Police To Warn Newspapers

BK2405085196 Bangkok BANGKOK POST in English 24 May 96 p 2

[Unattributed report]

[FBIS Transcribed Text] Prime Minister Banhan Sinlapa-acha said yesterday he had nothing to do with police warnings issued to six newspapers.

The Special Branch had acted independently in warning the newspapers about their coverage of the truncated censure debate this month, he said.

Mr Banhan said the branch had not told him of its approaches to Thai Rat, Matichon, Neao Na, Siam Post, Krungthep Thurakit and Matichon Weekly, and he suggested the action resulted from public complaints.

Responding to the police warning, Mongkhon Bangprapha, assistant editor of Siam Post, said the press had not disturbed the peace but the Government had abused its power.

The headline on the Siam Post story about the curtailed debate was the word "disgrace", which was an appropriate way to describe the Government's behaviour.

"We received a lot of feedback from people who feel the same," he said. "Some people said we should have used stronger language."

Thailand: Deputy Prime Minister on Ministers' Resignations

BK2305120996 Bangkok Cho So 100 Radio in Thai 1107 GMT 23 May 96

[FBIS Translated Text] General Chawalit Yongchaiyut, deputy prime minister and leader of the New Aspiration Party, said his party's stance is that everything must be done according to procedure and must not create pressure on the prime minister.

Asked about the possibility of the MP's of the Thoet Thai faction joining his party, Gen. Chawalit replied that everything is possible in politics; however, consultations must be held within the party first.

The leader of the New Aspiration Party said he had suggested that the prime minister pay attention to the people's sentiment in reshuffling the cabinet, noting that the political situation will be clear after 24 May.

Meanwhile, Air Chief Marshal Sombun Rahong, the deputy prime minister, believes that the resignation of the five ministers of the Thoet Thai faction did not create any pressure. On the contrary, it allows the prime minister to freely change his cabinet.

Asked about other repercussions of the resignations, the deputy prime minister said: Judging from the rise in stock trade, the people probably feel more comfortable.

[Begin Sombun recording] Stock trade increased by some 20 percent. I do not know. Probably, the people feel more comfortable. [end recording]

Police Captian Chaloem Yubamrung, justice minister and leader of the Muan Chuan Party, refused to comment on the resignation of the five ministers, saying the government will certainly be affected.

[Begin recording] [Chaloem] I just came here to meet the prime minister. I should not make any comment because my party has only three votes in the House. If I had 40 or 50 votes, I could speak louder.

[Unidentified correspondent] What do you think about their resignation?

[Chaloem] It means that the five ministers will be out. [end recording]

[Hong Kong AFP in English at 0936 GMT on 23 May reports on the resignation of the five Thai ministers.

AFP says: "Five Thai cabinet members submitted their resignations Thursday to Prime Minister Banhan Silpa-acha, who said he would reshuffle the government.

"He declined to say, however, whether he was accepting the resignations of the five, who belong to a fractious faction in his Chat Thai party.

"Banhan's seven-party coalition government has been plagued by tensions between and within member parties since taking office after elections last July, although he said Thursday there was no conflict within Chat Thai.

"The five—from the Thoet Thai faction—included two who had been targeted in a recent opposition censure motion in parliament: Deputy Finance Minister Newin Chitchop and Deputy Interior Minister Suchat Tancharoen.

"The other three were Deputy Commerce Minister Phairot Suwannachawi, Deputy Industry Minister Anuson Wongwan and University Affairs Minister Bunchu Trithong."]

Thailand: Daily Urges Premier To Drop Group-16 Ministers

BK2405100396 Bangkok BANGKOK POST in English 24 May 96 p 4

[Editorial: "Resignations Give Golden Opportunity to Banhan"]

[FBIS Transcribed Text] The five ministers of the so-called Group 16 who resigned yesterday may be missed by their faithful constituents in Buriram, Lampang, Chachoengsao and Nakhon Ratchasima. But certainly not by those among us who witnessed the recent expose in Parliament about the alleged involvement of some ministers of the group in shady land transactions and takeover deals. And definitely not by several Chat Thai MP's who were angered by the unveiled threat made against Prime Minister Banhan Sinlapa-acha by Deputy Finance Minister Newin Chitchop, one of the ministers, during the latter's recent speech in Buriram.

In the past there were ministers who, despite their departure, left behind fond memories among their colleagues, subordinates and the public in general because of their selfless dedication to their jobs, their impressive work performance, their ethical conduct or their professionalism. Regrettably though, there has been little that is memorable about the performance of the five "Group 16" ministers during their nine-month stint in the government. Their conduct, too, leaves much to be desired.

When the Group 16 was formed a few years ago, it made its presence felt in the local political scene. Comprised mostly of well-educated MP's in their 30's and early 40's, the group quickly established itself as a "new political choice" for the Thai electorate. The group, with strong financial backing from its mentor, Narong Wongwan, did succeed in making itself a political heavyweight. Unfortunately the group increasingly immersed itself in the pursuit for power in the same manner as the old stereotype of politicians.

Instead of being a new political choice, they merely represented "old bad wine in a new bottle".

Apparently, the biggest mistake of the group was to overestimate its strength and importance. It has outgrown itself to the extent that it has lost touch with political reality. Mr Newin's controversial statement that the government could not survive without his group was the latest example of the group's increasing arrogance which has further alienated the group from the Chat Thai mainstream.

Although the resignations are most welcome, the five Group 16 ministers should have called it quits a long time ago to save the government from all the troubles and difficulties it is facing today. The belated resignations would not help restore the government's reputation and image which has been bruised by the group's alleged involvement in shady deals and transactions, particularly those involving Deputy Interior Minister Suchat Tancharoen. Nor would the move restore public confidence in the administration under Mr Banhan's leadership.

The resignations should provide a chance for the prime minister to reshuffle his Cabinet with a broad degree of freedom and flexibility. There is no reason why he should feel intimidated into kowtowing or bending to the pressure of the Thoet Thai faction which is affiliated with Group 16.

Prime Minister Banhan has yet to honour his pre-election pledge not to disappoint the Thai people. It's time he showed his political courage and responded to the aspirations of the people by dumping the Group 16 ministers and replacing them with newcomers who are more qualified, more competent, more decent and acceptable to the public.

This opportunity has been put right on his doorstep. He should take full advantage of it.

Thailand: Phalang Tham Party Announces Resignation of Ministers

BK2405144196 Bangkok Cho So 100 Radio in Thai 1405 GMT 24 May 96

[FBIS Translated Text] The leader of the Phalang Tham Party has announced that all ministers under the party's banner will resign. He made the announcement while rain was falling during an election rally at the Royal Plaza; however, he did not say that his party would withdraw from the coaltion.

Our correspondent reports live from the National Assembly building on the reactions of MP's who are now deliberating the draft budget bill for 1997 fiscal year as follows:

[Begin live relay] [Unattributed correspondent] The atmosphere in the assembly room of parliament during the deliberation of the government's draft budget bill is rather laid back and lethargic because most of the MP's and reporters are paying close attention to the live broadcast of the Phalang Tham Party's grand gubernatorial campaign rally.

The Phalang Tham Party has announced that its five ministers, including Thawin Phraison, deputy leader of the party, will resign from their ministerial posts.

There have been both negative and positive reactions to the announcement in the National Assembly. The two members of the Thoet Thai faction — former deputy interior minister Newin Chitchop and former minister of State University Bureau Bunchu Trithong — are also present at the meeting. [end live relay]

Thailand: Chat Phatthana Official Affirms Policy To Shun Coalition

BK2305130296 Bangkok Radio Thailand Network in Thai 1200 GMT 23 May 96

[FBIS Translated Text] Suwat Liptaphanlop, secretary general of the Chat Phatthana Party, said during an interview at the National Assembly this afternoon that General Chatchai Chunhawan, leader of Chat Phatthana Party, has made it a clear policy of the Chat Phatthana Party not to join the government of Prime Minister Banhan Sinlapa-acha to replace any coalition party that withdraws from the coalition. In other words, the party has closed its door to such a scenario.

Suwat went on to say that Gen. Chatchai Chunhawan had suggested that Prime Minister Banhan Sinlapa-acha resign to allow the existing 11 political parties to select a new prime minister. By so doing, Banhan would still have a chance to become prime minister again.

Suwant said the current political situation does not warrant the dissolution of the parliament because there is no problem in the legislative branch. The current political problem is the direct responsibility of the government. It is not right for the prime minister to cite the problems of his own government to dissolve the parliament.

Thailand: Thai Defense Minister Criticized for Politicizing Military

BK2405064096 Bangkok THE NATION in English 24 May 96 p a1, a3

[Unattributed report]

[FBIS Transcribed Text] Democrat MPs [Member of Parliament] led by Surin Phitsuwan blasted the proposed defence budget yesterday and accused Defence Minister Chawalit Yongchaiyut of having "politicised" the Thai military and encouraging an arms build-up in the country.

The criticism, the highlight of the second day of the budget debate, prompted strong reaction from Chawalit, who hit back by accusing the former Chuan government of having provoked warfare with neighbouring countries.

"This is the first time since 1973 that the defence minister's post belongs to a politician who is a party leader with strong ambitions of becoming prime minister," Surin told the House. "In the past, the post belonged to a prime minister or retired professional soldier or a career soldier who resigned to take the post. Those soldiers didn't have political ambitions."

Surin said the military reshuffle and proposed military projects "echoed of political manoeuvring" among coalition partners, claiming "This results in mistrust among the coalition and a stalemate in military work. It could be said that the armed forces have been politicised."

Surin alleged that kickbacks were involved in huge military projects being pushed for by Chawalit, including the proposed purchases of two submarines for Bt17 billion and eight F-18 jet fighters for Bt18 billion, and the establishment of a Bt27 billion defence satellite system.

Although the projects have not yet been approved by the Cabinet, Surin said the opposition feared the government would readjust budgets from other military projects for the arms purchases.

"And they will make budgetary commitments for many years to come. It will be like borrowing the money and resources of future generations," Surin said.

Surin said Chawalit's "arms buildup policy" contradicted the Foreign Ministry's policy of establishing peace in the region.

The Nakhon Si Thammarat MP said Chawalit's proposed arms purchases would be viewed as excessive for self defence and thus would create mistrust and hostile feelings among neighbouring countries.

Chawalit replied that he was not trying to use the armed forces to create a political base to acquire the post of prime minister and denied that kickbacks were involved in the military projects.

"I did not come in to establish a political base to become prime minister because I just left a very powerful position. I was army chief and supreme commander at the same time when I stepped down to play politics. Friends said I was foolish to do that," Chawalit said.

Chawalit said that when Surin was foreign minister, the Chuan government always had problems with neighbouring countries.

"I would like to ask whether it was an era of peacemaking when Surin was foreign minister: I remember during your term, when your government was not satisfied with neighbouring countries, you sent helicopter gunships to attack them," Chawalit said.

"You always had border problems with Burma, and Cambodia always accused your government of helping its enemies [the Khmer Rouge]. You also had problems with Malaysia with a helicopter earlier"

Chawalit claimed he had to spend between six to seven months visiting neighbouring countries to normalise ties strained during the Chuan government.

Vietnam

SRV: Prime Minister Welcomes Bulgarian Counterpart

BK2405095996 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 24 May 96

[FBIS Translated Text] As reported, His Excellency Zhan Videnov, prime minister of the Republic of Bulgaria; his wife; and members of a high-level Bulgarian Government delegation arrived in our country today on an official visit.

An official ceremony was held at the Presidential Square this morning to welcome Prime Minister Zhan Videnov. Attending the welcoming ceremony were Prime Minister Vo Van Kiet, his wife, and many high-ranking Vietnamese Government officials.

Prime Minister Vo Van Kiet held talks with Prime Minister Zhan Videnov following the official welcoming ceremony. At the conclusion of the talks, the two sides signed an intergovernmental agreement on the avoidance of double taxation on income taxes and a bilateral cultural and scientific cooperation program.

SRV: Dailies Praise Ties Before Bulgarian Prime Minister's Visit

BK2405081896 Hanoi VNA in English 0751 GMT 24 May 96

[FBIS Transcribed Text] Hanoi VNA May 24 — Bulgarian Prime Minister [P.M.] Zhan Videnov's Vietnam visit beginning today will boost the traditional friendship and cooperation between the two countries, says the daily NHAN DAN in an editorial today.

"The three-day official visit, the first ever made by the head of the Bulgarian Government since 1989, will be a landmark in Bulgaria-Vietnam friendship and cooperation, boosting old bilateral ties,' the army paper QUAN DOI NHAN DAN's editorial says.

PM Videnov is accompanied by minister of trade and economic cooperation Atanas Paparizov First Deputy Foreign Minister Stefan Staykov and the deputy ministers for industry, finance, science and technology, national defence, and interior minister of state.

'The Vietnamese people have attached great importance to the friendship and solidarity with Bulgarians and wish to see these traditional relations further consolidated and developed', the paper continues.

After highlighting its history, the paper notes that Bulgaria has made great efforts over the past years to maintain its political stability, and gradually improve their national economy and international relations.

Bulgaria-Vietnam friendship and cooperation at present is now based on the principles of equal footing and mutual benefit, the paper adds. Since the establishment of their diplomatic relations in february 1950, Vietnam and Bulgaria have wholeheartedly supported and assisted each other in their national construction and defence. Until political changes in Bulgaria in 1989, the two nations enjoyed comprehensive cooperation in various fields. Bilateral relations began to pick up in 1993 when the new Bulgarian Government signed an economic and trade cooperation treaty with Vietnam.

The exchange of visits by the two government's officials and the 15th session of the Vietnam-Bulgarian Inter-Governmental Commission held recently in Hanoi, particularly this visit to Vietnam by PM Videnov, will further boost the development of relations between the two countries, the paper says, adding that Vietnam will do its best to develop its relationship with bulgaria for the aspiration and mutual interest of the two peoples.

PM Videnov held talks with his host, Prime Minister Vo Van Kiet, immediately following a red carpet welcoming ceremony this morning and will be received by party General Secretary Do Muoi and President Le Duc Anh in late afternoon.

Also this morning the two sides concluded a double taxation agreement, a cultural, scientific and technological cooperation agreement, and a protocol on cooperation.

SRV: Commentary Views Friendship, Cooperation With Bulgaria

BK2305132896 Hanoi Voice of Vietnam in English 1000 GMT 23 May 96

[Station Commentary]

[FBIS Transcribed Text] Bulgarian Prime Minister Zhan Videnov will arrive in Hanoi on May 24 for an official friendship visit to Vietnam. It is the first visit to Vietnam by the Bulgarian leader in the 1990's. The Voice of Vietnam's comment.

The Vietnam visit by the Bulgarian Prime Minister is an important step on the way to restore the bilateral traditional friendship and cooperation between Vietnam and Bulgaria. According to the Bulgarian Charged d'affaires to Vietnam Mr. [Alexandre Etop], his country considered Vietnam a prosperous partner in the development of relations between Asia and Europe.

Vietnam is one of five Asian nations which Bulgaria is giving priority in developing relations. It is encouraging that both Vietnam and Bulgaria have overcome a stalemate in bilateral relations in the 1990's due to the changes in Eastern Europe. Both Bulgaria and Vietnam expect that in one or two years time the bilateral relations between the two countries will be restored to which existed prior to the 1990's.

The coming Vietnam visit by the Bulgarian Government leader is to help this effort. High on the agenda of the talks between Vietnamese and Bulgarian Prime Ministers are bilateral economic and trade cooperation. The two countries on this occasion will also sign agreements on avoidance of double taxation and on investment encouragement and protection. This development together with the fact that over 30,000 Vietnamese people are studying and working in Bulgaria would soon help restore the tradition of friendship and cooperation between Bulgaria and Vietnam.

SRV: Vo Van Kiet Holds Talks With Japan's Aid Agency Chief

BK2205041796 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 21 May 96

[FBIS Translated Text] Prime Minister Vo Van Kiet cordially received Mr. Kimio Fujita, president of the Japanese International Cooperation Agency [JICA] and his entourage at the Prime Minister's Office in Hanoi on 21 May. The delegation is currently on a working visit to Vietnam.

Mr. Kimio Fujita expressed delight at his first trip to Vietnam as JICA president. He said he has witnessed rapid changes in Ho Chi Minh City and the capital of

Hanoi. He asserted that JICA will continue to assist and cooperate with Vietnam in a number of projects to help Vietnam educate and train cadres, to send specialists to Vietnam to conduct surveys and feasibility studies on various socioeconomic projects, to create conditions for the transfer of technologies and receiving of financial aid from JICA and other international financial organizations, and to formulate general plans for developing industrial and cultural centers in areas north of Hanoi and so forth.

Prime Minister Vo Van Kiet welcomed President Kimio Fujita and his entourage and hailed their efforts at finding ways and means to assist and cooperate with Vietnam. He praised JICA highly for its consistent help. He said this has been seen by the agency's increased numbers of assistance and effective projects in the recent days.

SRV: Commentary Denounces Massacre of Nationals in Cambodia

BK2305121896 Hanoi Voice of Vietnam in English 1000 GMT 23 May 96

[Station Commentary]

[FBIS Transcribed Text] Last Friday, May 17, a group of armed Cambodian killed 14 Vietnamese nationals and three Khmers and wounded 10 others in the attack on Veantin Commune, Kandieng District, Pursat Province. Our radio commentator's comment.

The brutal massacre against Vietnamese residents in Cambodia has caused strong indignation and condemnation among Vietnamese people. In a note sent to the Cambodian Foreign Ministry, the Cambodian Interior Ministry, and the United Nations Human Rights Center on May 21, the Vietnamese Embassy in Cambodia strongly condemned the bloody murder and demanded an end to such barbarous act against the Vietnamese residents in Cambodia. The Vietnamese Embassy in Cambodia also earnestly asked the Cambodian Royal Government to take appropriate measures to ensure security for Vietnamese residents as well as other foreign nationals living in Cambodia, and also for the Cambodian themselves against all acts of terrorism and murder.

Under the title: "Stop Immediately the Massacre Against the Vietnamese Residents in Cambodia," the Vietnamese national leading newspaper NHAN DAN commented that bloody terrorist acts against Vietnamese nationals in Cambodia were in gross violation of international treaty on human rights and on the rights of overseas residents to legally live and work on another territory, and at the same time, undermined the good neighborliness between Vietnam and Cambodia. The commentary pointed out that the massacre also frightened all Vietnamese nationals living and working in Cambodia. It called on worldwide condemnation against the May 17 massacre against the Vietnamese residents in Pursat Province, and for appropriate measures to check similar acts.

SRV: Ministries Host Meeting on Boosting Foreign Investment

BK2305155096 Hanoi VNA in English 1452 GMT 23 May 96

[FBIS Transcribed Text] Hanoi VNA May 23 — Foreign investors, domestic business representatives and government policy makers discussed measures to boost foreign investment in domestic industrial production at a meeting in Hanoi yesterday hosted by the Ministry of Industry and the Ministry of Planning and Investment.

High on the agenda were issues relating to import duties imposed on raw materials and equipment, Vietnamese labour in joint ventures with foreign investment, tax policies and tax amendments.

The foreign investors operating in southern Vietnam will have opportunity to discuss the issues when a similar meeting is held in Ho Chi Minh City on Saturday.

According to Deputy Minister of Planning and Investment Nguyen Nhac, the quality of foreign investment projects has been improved, and the number of the projects invested in production is on the increase, representing 80 percent of the total number of foreign investment projects. Since 1995, many more major groups in the world have invested in large-size industrial projects in Vietnam.

Mr. Nhac said that for making the investment environment in Vietnam more attractive, his ministry had been making important decisions on administration improvement, regulations and legal perfection such as to simplify procedures of license for project, license for land use. In a short time it will announce a long term plan of industrial zone construction, investment plans by sectors and geographical territories as basis for determination as well as a list of priority projects calling for investment, thus helping foreign investors work out their own projects in compliance with Vietnam's long term economic plan.

The Ministry of Planning and Investment is also going to prepare amendments and additions to the law on foreign investment which will be submitted to the National Assembly in its coming session in October for consideration and approval, Mr. Nhac revealed. He added that the amendments and additions will make the document harmonious with current approved laws such as civil law, labour law, mineral exploitation law, and law on bankruptcy.

Problems in implementation of foreign investment projects such as procedures for adding investment capital for projects in operation, change in tax policies, auditing system, and financial reports which was also raised by investors for discussion.

By mid-may this year, Vietnam had granted licenses to 1,446 projects of 700 groups and companies from 53 countries with a combined registered capital of USD [U.S. dollars] 21.8 billion, of them USD 6 billion are in operation. Besides other 237 projects including 104 ones in the industrial sector, with a total capital of USD 1.2 billion were cancelled.

So far 685 industrial projects have been licensed with total investment capital of nearly USD 6.8 billion. They include 283 projects in heavy industry with capital of more than USD 3.4 billion, and 94 food processing projects with over USD 1.3-billion investment capital. The under USD 5 million projects represent 72 percent of the total industrial projects which have been rapidly put into operation and gain economic effects. Most of the major projects capitalized at USD 100-400 million are concentrated in southern province of Dong Nai.

Provinces in three [as received] key economic zones draw 86.4 percent of foreign investment projects with 82 percent of total investment. They are Ho Chi Minh City with 271 projects involving more than USD 1.5 million capital and Hanoi, 115 projects, USD 740,000. They are followed by Dong Nai, Song Be, Ba Ria-Vung Tau, and Quang Nam-Danang.

About 64 percent of the projects are owned by Asian investors: Taiwan has 117 projects; South Korea, 105; Japan, 62; Hong Kong, 61; and Singapore, 46. In recent years a number of major companies from Europe and America such as Ford, Chrysler, Mercedes-Benz, and Pentax have begun their investment in Vietnam.

SRV: Prime Minister Unveils Railway Development Plan

BK2405083796 Hanoi VNA in English
0743 GMT 24 May 96

[FBIS Transcribed Text] Hanoi VNA May 24 — The prime minister has approved a strategy for railway development in Vietnam from now to the year 2000, 2010 and 2020, according to a report from the Government's Office.

The strategy attaches importance to long-term transport development with close combination between rail, road, air and marine transport systems, the report says.

'The national railway system needs to be modernised with a uniform gauge of one metre and be linked with Southeast Asian, Inter-Asian and Asia-Europe railway networks', the strategy is cited as saying.

In the interrim, priority will be given to the following projects:

— Upgrading the trans-Vietnam railway line, including the reconstruction of railways passing the Hai Van Pass (central Vietnam) and other major tunnels.

— Improving the Kep-Cai Lan railroads and installing a 1-m wide rail link from Yen Vien (Hanoi) to Cai Lan (Quang Ninh).

— Studying the contruction of a north-south rail line to cross the central highlands in order to better tap the economic potential of the region and minimize the consequences triggered by tropical typhoons and floods.

— Studying the development of new lines such as Ho Chi Minh City (HCMC)-Vung Tau, HCMC-Can Tho, Thap Cham-Da Lat, Yen Bai-Tuyen Quang-Bac Thai, and from the present systems to sea ports such as Lien Chieu, Dung Quat, south of Thanh Hoa Province.

Preparations should be made to establish rail links with inter- Asian networks such as HCMC-Phnom Penh-Bangkok and Dong Ha (central Vietnam)-Savanakhet (Laos)-Bangkok.

On investment, the government will allocate from the state budget to build infrastructure facilities and recover capital by charging for the use of these facilities.

In regard to the urgent tasks to be settled immediately, the report says that the ministries of planning and investment and transport and communications should develop a plan for the establishment of rail links with Southeast Asia and Asia-Europe systems and discuss all issues to this effect with erned international organizations .

SRV: Deputy Bank Governor Praises Pragmatic Interest Rate Cuts

BK2405080296 Hanoi VNA in English
0713 GMT 24 May 96

[FBIS Transcribed Text] Hanoi VNA May 24 — The reduction in bank interest rates since January 1 this year was in keeping with the country's economic development requirements, said Le Van Chau, deputy governor of the State Bank of Vietnam (SBV), at a press conference held here on Monday.

Chau said that the move would encourage banking activities and make them more efficient.

The interest rate on lending has reduced to 1.65 percent per month from the 2.1 percent per month prevalent before the decision was taken — 0.1 percent below the ceiling stipulated by the state bank. The reduction has helped increase lending to VND 8,000 billion (USD 720 million) for the first four months of this year.

The revision of the interest rates along with measures taken to check inflation in the first four months have promoted the macro economic environment and stabilised the national currency (the dong), Chau said.

The deputy governor said that despite the reduction in the interest rates, the commercial banks had increased their capital mobilisation by VND 6,000 billion (USD 545 million) over the last quarter of last year. Of this, savings deposits increased by VND 4,600 billion (USD 418 million). This showed that the new interest rates have been accepted by the general public, he added.

The rate of inflation in the first four months of the year was the lowest in the last ten years and with consumer goods' price index increasing only by 4.3 percent, the depositors reaped the benefits, Chau said.

Since the beginning of the second quarter of the year, the SBV has granted larger credit limits for commercial banks.

The SBV was aiming at mobilising the capital from the public towards stabilising the local currency and increasing capital disbursement for development projects, the deputy governor said.

On the situation of low rates of lending of some commercial banks, the deputy governor explained that this was a temporary phenomenon due to the implementation of new interest rates and efforts to ensure efficient use of the capital lent. In fact, some of the banks as yet did not have safe conditions for lending, he added.

To solve these problems, the state bank will implement measures such as increasing credit limits to suit the current situation and according priority for medium and long-term loans for projects such as food processing and trading in various commodities.

SRV: National Assembly Standing Committee Issues Communique

BK2405004496 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 23 May 96

[FBIS Translated Text] The National Assembly Standing Committee has issued the following communique:

The National Assembly Standing Committee met in Hanoi from 16 to 21 May under the chairmanship of National Assembly Chairman Nong Duc Manh. Vice President Nguyen Thi Binh also attended the session.

1. The National Assembly Standing Committee approved the ordinance on procedures for administrative court cases. The ordinance aims to ensure timely and lawful handling of all administrative cases so that the rightful interests of individuals, state agencies, and organizations are protected, thus enhancing the management capacity of the state apparatus.

The National Assembly Standing Committee discussed the draft ordinance on the duties and authority of people's committees and people's councils at various levels, the draft regulations on the organization and function of people's councils of all levels, the draft ordinance on the control of radiation, and the draft law on authority and procedures for the promulgation of legal documents.

The National Assembly Standing Committee asked the drafting agencies to cooperate closely with investigative and other relevant bodies to modify these draft documents before resubmitting them to the National Assembly Standing Committee in another session.

2. After listening to National Assembly Chairman Nong Duc Manh's briefing on the preparations for the Ninth National Assembly's Tenth Session, the National Assembly Standing Committee gave its opinion on the planned agenda of the session and some issues that need more attention while preparing for the agenda as well as the draft documents and reports. The National Assembly Standing Committee requested that the government and relevant organs cooperate closely to ensure the observance of the planned schedule and the quality of the documents that will be submitted to the National Assembly at its upcoming session.

3. The National Assembly Standing Committee gave its opinion on the overall report of the National Assembly for its 1992-97 term, which will evaluate the organization and activities of the National Assembly in the renovation undertaking. The report will also provide necessary lessons as well as petitions for further renovation of the National Assembly's organization and activity.

SRV: National Assembly Standing Committee Meets

BK2405080196 Hanoi VNA in English 0630 GMT 24 May 96

[FBIS Transcribed Text] Hanoi VNA May 24 — The Standing Committee of the National Assembly met in Hanoi from May 16-21. Chairman Nong Duc Manh chaired the meeting, attended by Vice State President Nguyen Thi Binh.

The committee passed an ordinance on procedures for the timely settlement of administrative cases in accordance with the law to protect the legal rights and interests of individuals, and state offices and organizations, thus helping increase the efficiency of state management.

It also made comments on a draft ordinance on the duties and jurisdiction of the people's council and the people's committee at each level a draft regulation on the organization and operation of the people's council at all levels a draft ordinance on radiation control and a bill on the jurisdiction and process of issuing a legal document. These bills are scheduled to be submitted to the standing committee for approvals in the near future.

The committee further made suggestions on the agenda prepared by the National Assembly's office for the next 10th session of the National Assembly and requested the government and relevant offices and agencies to join efforts for successful preparations for the 10th session.

Australia

Australia: Daily Views Policy Alternatives Toward Burma

BK2405030196 Sydney THE SYDNEY MORNING HERALD in English 24 May 96

[Editorial: "Burma Unfree" — received via Internet]

[FBIS Transcribed Text] The difference between U.S. policy towards Burma and that adopted by Australia and the ASEAN countries is becoming sharper and therefore a matter for concern. The foreign minister, Mr. Downer, says there will be no change in Australia's policy favouring Burma's inclusion in the ASEAN Regional Forum. Yet this policy of "constructive engagement", as it has been called, is now being explicitly rejected in Washington. There the talk is of boycott and retaliation in the face of the latest bout of repression by the Burmese military's State Law and Order Restoration Council.

There is much to be said for close cooperation with the ASEAN countries. But there are also strong reasons for questioning present policy. The most obvious is that present policy has done nothing to change the mind of the military rulers of Burma. The junta is still scared, dangerous and unwilling to permit any significant move towards democracy. Its detention this week of up to 100 supporters of the party led by Aung San Suu Kyi is proof of that. Apart from that, there appears to be a growing belief in Washington that the working analogy for Burma is South Africa before it became wholly democratic and that sanctions, not conciliatory gestures, are what is needed.

That view has apparently been strengthened in Washington this week by the visit of Mr. Sein Win, a cousin of Mrs Suu Kyi, who has been urging economic sanctions. He told a U.S. Congress committee on Wednesday it was wrong to fear that sanctions would hurt ordinary Burmese. "The common people of Burma," he said, "have survived for three decades under the Burmese military by operating outside the official economy and they will continue to do so. The ones who will be affected by sanctions are the members of the ruling junta and those who support them".

In fact, the U.S. State Department has rejected economic sanctions and the administration is opposed to the toughest provisions of a bill now before Congress that would ban private investment in Burma and require U.S. firms to disinvest until an elected government has been allowed to take power. But the milder measures the administration is considering, such as possibly refusing U.S. visas for Burmese officials and a downgrading of diplomatic relations, could signify a deeper shift. If it is supported by other countries such as Japan, it will be impossible for Australia — and indeed ASEAN — to ignore.

Australia: Foreign Minister Condemns Burmese Opposition Crackdown

BK2405023896 Sydney THE SYDNEY MORNING HERALD in English 24 May 96

[Report by David Lague, foreign affairs correspondent — Received via Internet]

[FBIS Transcribed Text] Burma's celebrated opposition leader, Aung San Suu Kyi, has been awarded Australia's highest honour and the Federal Government has attacked the ruling military junta in Rangoon for mounting a crackdown against pro-democracy forces.

The Minister for Foreign Affairs, Mr. Downer, yesterday congratulated Suu Kyi, a Nobel Peace Prize winner, on her appointment as a Companion in the Order of Australia in recognition of her struggle to bring democracy to Burma.

"She is a remarkable woman and an international symbol of the Burmese people's desire for democracy," he said.

Mr. Downer said the Australian Government condemned the ruling State Law and Order Restoration Council (SLORC) for its roundup and detention of National League for Democracy (NLD) politicians which appeared to be an attempt to stop the opposition from holding a party congress on Sunday. Suu Kyi is general secretary of the NLD.

"This arbitrary and intimidatory action by the Government of Burma is obviously a major backward step," Mr. Downer said. "We hope that the SLORC will reexamine its course and realise that its actions are not only an excessively heavy-handed denial of the fundamental human rights of its citizens but also counterproductive to its stated aims of political stability and national reconciliation."

Mr. Downer said the Australian Ambassador to Rangoon had been instructed to convey Canberra's protest and to seek an explanation for the crackdown.

Australia: Daily Previews Visit of Dalai Lama, PRC Reaction

BK2305061296 Sydney THE SYDNEY MORNING HERALD in English 23 May 96

[Editorial: "Downer and Tibet" — received via internet]

[FBIS Transcribed Text] The foreign minister's commitment to meet the Dalai Lama when the Tibetan leader visits Australia in September might well upset Beijing. But for Mr. Downer to have acted differently would have been an outrageous surrender to the Chinese Government's bullying. Mr. Downer says others in the government will also meet the Dalai Lama. It is to be hoped that includes the prime minister and that if Mr. Howard does meet the Dalai Lama he will be unafraid to do so more publicly than Mr. Keating did in 1992.

In Parliament on Tuesday, Mr. Downer was careful to say that the Australian Government's policy since 1972 on the recognition of China "has implicitly recognised Tibet as part of the People's Republic of China". Nevertheless, he said, the government, like its Labor predecessor, recognised the Dalai Lama as a "spiritual and cultural leader, a figure of very great international significance".

Of course, that is not how the Chinese Government sees the Dalai Lama. At the time of his 1992 visit, the Chinese Embassy said he was not merely a religious figure but an exile "engaging in activities aimed at splitting China and undermining its national unity under the guise of religious activities".

The Chinese Government is right to fear the political power of the Dalai Lama. The rest of the world, though, is not obliged to keep him at a distance on that account. Nor does formal recognition of the People's Republic of China require that.

Indeed, the very basis of China's claim to rule Tibet as it has been doing for 45 years is increasingly under question. China's attempt to turn a pre-modern tributary relationship, such as Tibet had with China in centuries past, into a territorial claim overriding Tibet's modern claim to independence has always been problematical. Even China itself has recognised the practical difficulty of absorbing a vast land populated by non-Han people by formally organising Tibet as an "autonomous region" in 1965.

There is not the slightest doubt that if the promise of autonomy in 1965 had been fulfilled on the Chinese side there would be nothing like the conflict and resistance to Chinese rule which persists in Tibet today and, therefore, none of the continuing irritation on that account in China's relations with other countries. When it suits Beijing, the autonomy of the Tibetan authorities is asserted. For example, in 1992 an Australian parliamentary delegation was refused permission to visit Tibet, ostensibly because Tibetan officials were too busy to receive the delegation. They could not, the Chinese foreign minister said, be overridden by Beijing. But when the rest of the world takes an interest in the actual condition of the Tibetan people under Chinese administration, there is angry talk by Beijing of interference in China's internal affairs.

It is true that before the Chinese invasion of Tibet in 1951 — after which the young Dalai Lama fled to India in 1959 — Tibet was a backward place where many suffered terribly under the feudal authority of the lamas. It is also true that there has been much material progress in Tibet under Chinese rule. But neither the sins of the Tibetans' own past ruling classes nor the positive aspects of Chinese rule since can justify the displacement of Tibetans from their own land by Han immigrants, the reduction of Tibetan culture and language to an inferior position and the maintenance of a virtual police state in which all attempts by Tibetans to assert their own culture and autonomy are treated as subversive and are harshly punished.

Australia: Possible Sharing of Radar Data With Indonesia Seen

BK2305031596 Melbourne Radio Australia in English 0100 GMT 23 May 96

[FBIS Transcribed Text] Australia is considering sharing information with Indonesia drawn from its Jindalee over-the-horizon radar network. The chief of Australian Defense Force, General John Baker, says some of the basic output from Jindalee could be passed on to Indonesia.

The billion-dollar radar network is to begin operation in the year 2000 and will enable Australian surveillance as far as Vietnam. In an interview with THE AUSTRALIAN newspaper, Gen. Baker said that the two countries had discussed options for cooperation on aid and sea surveillance. Australia and Indonesia have already agreed to share surveillance in the Timor Gap — the sea area between Timor and northern Australian — where oil and gas reserves are to be jointly developed.

Australia: Further on Sharing of Radar Information With Indonesia

BK2305104196 Sydney THE AUSTRALIAN in English, 23 May 96

[Unattributed report — received via Internet]

[FBIS Transcribed Text] The head of the Australian Defence Force, General John Baker, on Wednesday [22 May] outlined the first steps to be taken under an improved defence relationship between Australia and Indonesia.

He said Australia would hand the Jakarta Government information it would obtain from its radar station at Jindalee. General Baker said it was part of a "joint surveillance" operation that the two countries were undertaking.

General Baker said if the new treaty between Australia and Indonesia was to work, then basic defence information, such as the material provided by the Jindalee operation, would have to be shared. Jindalee monitors all traffic and activities to the north of Australia and is seen as the nation's first line of defence.

It is thought that much of the information would not focus on military activities but illegal fishing and piracy. Australia already has a similar arrangement with Malaysia, where Australia has its Butterworth airbase. General Baker did not say what the Indonesians would be giving Australia in return.

Australia: Treasurer Says Relations With France Back to Normal

BK2205031796 (Internet) Australian Broadcasting Corporation Online WWW in English 2200 GMT 21 May 96

[FBIS Transcribed Text] Federal Treasurer Peter Costello says a meeting with his French counterpart has signalled a more friendly relationship, and a return to normal diplomatic relations between the countries.

It was the first ministeral meeting between Australia and France since President Chirac announced the completion of its nuclear test program.

Relations between the two countries became strained during the South Pacific tests which were the target of strong protests in Australia.

Peter Costello says his meeting with French Finance minister, Jean Arthuis was warm and friendly.

The treasurer is in Paris for the annual ministerial meeting of the OECD [Organization for Economic Cooperation and Development].

New Zealand

New Zealand: Poll Shows Declining Support for Ruling Party

BK2305061796 Christchurch THE PRESS in English 22 May 96

[Report by Jeremy Kirk — received via Internet]

[FBIS Transcribed Text] Labour Party support has continued to tumble on the back of New Zealand First's meteoric rise, reaching a 22-year low in the latest "One Network News"-Colmar Brunton poll.

Labour support fell three points to just 15 per cent, the lowest figure since the poll began in 1974. This is one point below the 16 percent rating that rattled Labour members of Parliament last October and prompted leader Helen Clark's caucus offer to step down if MPs wanted her to go.

National Party support also slumped five points to 35 per cent, the lowest since October 1994, while New Zealand First continued its surge in popularity, jumping seven points to 29 percent.

Alliance Party backing remained steady on 11 per cent.

Support for ACT New Zealand, which has been as high as 4 per cent in recent polls, dropped one point to 3 per cent, while the Christian Coalition increased one point to 3 per cent.

If these results were translated into parliamentary seats, the National Party would get 47, well short of the 61 needed for a majority in the next MMP Parliament.

New Zealand First would get 39 seats, Labour 20, and the Alliance 14.

Theoretically, this would give a New Zealand First-Labour-Alliance coalition the numbers to form a government outright.

It would also put a New Zealand First-Labour coalition in the best position to form a minority government if National could find no parliamentary supporter.

New Zealand First's popularity rise is also reflected in preferred prime minister polling. Leader Winston Peters's support increased five points to 29 per cent, making him the country's preferred leader.

Prime Minister Jim Bolger dropped two to come in second on 22 per cent, while Alliance leader Jim Anderton also fell two points to slump to 7 per cent support.

Ms. Clark's popularity remained steady on 4 per cent.

New Zealand: Opposition Welcomes Naming of Date for Elections

BK2305090396 Christchurch THE PRESS in English 22 May 96

[Report — received via Internet]

[FBIS Transcribed Text] The prime minister, Jim Bolger, yesterday named October 12 as the date for the general election, dispelling speculation that the government would go to the polls early to avoid a rash of bad economic indicators.

The date is one week earlier than the last possible date he could have named — October 19 — but later than the mid-September election that some had predicted. Mr.

surveillance" operation that the two countries were undertaking.

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Bolger said the government welcomed public scrutiny of its performance, including public debate over inflation indicators due out in October.

An early election date might have led to speculation that the government was trying to "cut and run" ahead of bad economic news. Mr. Bolger said a cyclical downturn in the economy did not pose problems for the government. No "bad-news stories" were waiting in the wings.

Another factor in the government's thinking was the need to get the 1996 budget through Parliament, which might take until late August. Apart from the budget, the government wants to decide the fate of Radio New Zealand and the Forestry Corporation, as part of its continuing asset sales programme.

In August, Mr. Bolger is expected to visit South Africa at the same time as the All Blacks [Rugby team], which should boost his campaign profile.

The resignation last month of Hawkes Bay member of Parliament Michael Laws triggered yesterday's move, which signals for all parties the unofficial start of the election campaign. Under the Electoral Act, Parliament can avoid a by-election in a particular seat if a general election is due to be called within six months of a vacancy arising.

Rather than hold a by-election, which the Government believes would be too expensive, Mr. Bolger instead named a date for the general election.

Labour leader Helen Clark welcomed the move, saying it signalled an end to the parliamentary "phoney war", and put the government on notice. "What this does is signal that in 144 days time this paralysed Parliament will end. This government has had no mandate for carrying on with the radical agenda on which it embarked in 1990, but conversely the Opposition members of this House have not had a majority here to pass the social and economic reforms that would make this country a better place to live in."

Alliance leader Jim Anderton said his party "could not wait" for the election, and attacked government plans to push through the radio and forest sales in its last weeks. New Zealand First leader Winston Peters said his party would fight the election on the issues of political accountability and ownership.

New Zealand: Bolger Reappoints Security Intelligence Director

BK2105151296 (Internet) New Zealand Parliamentary WWW in English 20 May 96

["Press statement" issued by New Zealand Prime Minister James Bolger on 20 May; place not given]

[FBIS Transcribed Text] The Prime Minister has announced the reappointment of the Director of the New Zealand Security Intelligence Service, Lt Gen D S McIver.

General McIver's term has been extended for a further three years from 30 June 1996. He was originally appointed on 1 July 1991.

Papua New Guinea

Papua New Guinea: Military Denies Shoot-To-Kill Rebels Order

BK2405025996 Australian Broadcasting Corporation Online WWW in English 1834 GMT 23 May 96

[Received via Internet]

[FBIS Transcribed Text] The Commander of the Papua New Guinea Defence Force [PNGDF] denies he's given an order that supporters of independence for Bougainville be killed without question.

The Bougainville Revolutionary Army [BRA] is demanding the order be cancelled as a condition for it to release a PNG Army sergeant it captured last weekend.

The BRA also wants the PNG Defence Force pulled out of Bougainville and peace talks amongst Bougainvilleans re-started.

The BRA says the sergeant will meet a very serious fate if the PNG Government doesn't meet its demands within two weeks.

But the PNGDF Commander says the quoted order to kill is not a PNG military order.

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